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FINANCIAL TIMES

Making indigo

A new bug in your jeans

Technology, Page 23



Biotechnology

Europe takes on the US



Today's survey

of travel

Separate section

Germany's mounting budget difficulties have forced the government to consider rushing Finance minister Theo Waigel confirmed a pared for crucial meetings over stop-gap measures to ensure Germany fulfilled the criteria laid down in the 1991 Maastricht treaty for the

Threat to BA, American link-up: Five airlines, led by Lufthansa of Germany and United Airlines of the US, have launched one of the world's most powerful aviation groupings, posing a significant challenge to the proposed link-up between British Airways and American Arrimes. Page 17

Nomura executives arrested: Three executives of Nomura, Japan's largest securities company, have been arrested in a growing scandal over the company's recent alleged payments to corporate gangsters. Page 16

US confident on free trade talks: US commerce eccretary William Daley is confident that talks to create a Free Trade Area of the Americas will not break down, despite a disagreement on reducing tariffs. Page 6

company, has smashed an attempt by shareholders to have its environmental and buman rights policies monitored externally. Page 22; Lex, Page 16

Japan's external surplus falls 24%: Japan's current account surplus fell by nearly a quarter in the 12 months to March, to Y7,180.2bn (\$60.5bn), reaching a seven-year low. However, economists predicted a rebound this year and warned of a revival of US-Japan trade tensions.

Cable and Wireless, the UK's second largest telecommunications group, rose 12 per cent to £1.42bn (\$2.30bn) last year, boosted by a strong performance from Hongkong Telecom. Page 17; Lex, Page 16

is planning to crack down on foreign investors evading a ban on buying the company's domestic shares. Page 16 and Lex

Beiling set for \$2bn in French deals: China's lavish welcome for French president



(right) - with predecessor John Major before yesterday's state opening of Parliament unveiled a package of reforms as he laid out the government's priorities for its first parliamentary session. "I want Britain to be a nation of entrepreneurs," he said. Full reports, Page 12; Editorial Comment, Page 15

Europe, America 'best for business': Western Europe and North America will be the world'a most congenial locations for business in

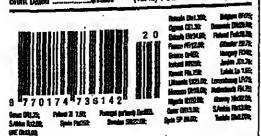
French state companies face changes: The French government is creating a new State shareholder Council to improve management of public-sector companies. Recent losses in state owned enterprises such as Crédit Lyonnals and GAN have provoked indignation. Page 2

for their part in a massive heroin trafficking international drugs trade. Page 9

FT.com: the FT web site provides online news.

# STOCK MARKET IN	DICES	E GOLD
New York Ameldine Dow Jones Ind Av7317.48	(+43.27)	Moor York: Cornex (May) \$347.2 (349.5
NASDAO Composite _1336.17 Europe and Far Fact	(+2.58)	Londos
CAC40	(+55.05) (-21.46)	close \$348.35 (348.1
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E US LUNCHTERE RAT	25	DM1.69625
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9 THE FINANCIAL TIMES LIMITED 1997 No 33,291



The business

Telekom sell-off

World Business Newspaper http://www.FT.com

through the sale of a further stake in Deutsche Telekom, Europe's largest telecommunications group, which was part-privatised last November. self-off was possible as the coalition parties presingle European currency, Page 16

Royal Dutch/Shell, the largest western off

C&W profits up 12%: Pre-tax profits at

Gazprom, the Russian natural gas monopoly,

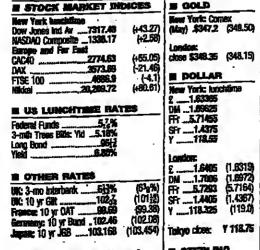
Jacques Chirac, who arrives in Beiting today, is \$2bn, Page 6



Britain's new prime minister Tony Blair

the next five years, says a survey. Page 6

Victnam drug ring sentenced: Eight people have been sentenced to death in Victnam ring, marking the country's first battle with the



emetional Navis.... Asia-Pacific News 9

CONTENTS Yectrology _____ Aris, Aris Guide __

and Cap Mids 24 Markets FTSE Actuaries ... Foreign Eachenges ___ 25 Gold Markets .

London SE_ Bourses _

LONDON - LEEDS - PARIS - FRANKISTRET - STOCKERGLIE - MACRED - NEW YORK - LDS ARGELES - TOKYO - BONG KONK

Budget fear may Sharp drop in US producer prices

Latest figures create dilemma for Federal Reserve's policymaking body US producer prices

By Gerard Baker in Washington

US producer prices recorded their sharpest drop in four years last month, according to figures released yesterday, suggesting that sustained strong growth in US demand and output has yet to generate inflationary pressures.

The Commerce Department reported that prices charged by producers for finished goods fell by 0.6 per cent in April, largely the result of a sharp decline in energy costs,

reflecting lower oil prices. But even excluding the usually volatile energy and food the risk of future price

By Ted Bardacke in Bangkok

The central banks of Thailand

and Singapore yesterday

stapped in jointly in an

attempt to prop up a weaken-

ing That baht and prevent any

spread of instability to other

It was the first time Asian

central banks publicly admit-

ted such collaboration. Traders

said the intervention also

involved the chief monetary

authorities of Hong Kong and

Malaysia, but this was not con-

The action failed to support

the baht, which fell to its low-

est level this decade, closing

well below the floor of the

trading band maintained by

A statement from the Bank

of Thailand and the Monetary

Anthority of Singapore said

the intervention was "aimed at

stemming excessive specula-

tive activities which may lead

to disorderly conditions in the

Thai and regional financial markets". It added: "Other appropriate measures will be

The Bank of Thailand made

it clear that it did not borrow

money under repurchase

arrangements with the Singa-

pore authority. "The help was only technical," it said.

belp involved the Monetary

Authority of Singapore using

By William Hall in Zurich

The Swiss government has ordered its Federal Banking

Commission to undertake an

investigation of the country's

banks to determine how much

of the family fortune of Zaire's

beleaguered president Mobutu Sese Seko is hidden there.

The move means that any

Mobutu accounts held in Swit-

zerland's 400-plus banks are

The Swiss Federal Banking

Commission, yesterday issued

a notice requiring all Swiss banks, with the exception of the rural Raiffeisen co-opera-

tive banks, to report all information on Mobutu-related

biggest nationwide search

since the Swiss banks were

asked to block the family fortune of Ferdinand Marcos, for-

mer president of the Philip-

pines, more than 10 years ago.

Estimates vary wildly as to

bank accounts by May 30. This is believed to be the

effectively blocked.

Traders said the technical

taken as necessary."

lowest point since 1990.

Asian financial markets.

components, the core producer price index fell by 0.1 per cent in April, tha third monthly fall in four months.

ding food and energy were just is weakening. 0.6 per cent higher than a year earlier. The figures intensify the dilemma facing the Federal

open market committee prepares to meet next Tuesday. Faced with evidence of rapid growth but no current inflation, the central bank raised

interest rates at its last committee meeting in March, as a "pre-emptive strike" against

defence of baht

Thai bant

24.75 -

25.25

Against the dollar (beht per \$)

its vast network of affiliated

dealers to sell Thailand's dol-

among regional monetary

authorities. A network of bilat-

have been put in place in case

of such speculative attacks.

There was no indication why

these agreements were not

brought into play. In Thailand's case, the agree-

ments give it access to an

extra \$40bn to \$50bn, on top of

rency, according to finance

Swiss hunt for Mobutu

family's hidden millions

Banks ordered

claimed no knowledge of hav-

ing any Mohutu-related

accounts and have argued that

the blocking of the \$500m Mar-

cos family fortune should have

from leaving money in Swiss

But the Financial Times

reported this week that close

aides of Mr Mobutu believed

the bulk of his liquid assets

the banking commission, said

that the commission had

requested details of the sums

and the identity of the benefi-

The investigation will cover

the branches and subsidiaries

how much money Mr Mobutu of Swiss banks at home and for Mr Kabila to arrive to con-

has hidden in Swiss banks. abroad and the Swiss tinue negotiations expected to The big Swiss banks have operations of foreign banks. lead to a handover of power.

cial owners.

remained in Swiss banks.

to report any

accounts by

end of May

baht trading takes place.

increases. But with a continuing dearth of hard evidence of accelerating prices, many economists believe that the Finished goods prices exclucase for further rate increases

"Given these continued exceptionally good inflation numbers, the Fed will be hardpressed to raise rates again." Reserve as its policymaking said Mr Mickey Levy, chief economist at Nations Bank Capital markets, an invest-

> last month of rising prices further up the production pipeintermediate goods prices, also excluding food and

per cent higher than a year earlier, and raw material prices were actually 1 per cent lower.

However, economists said

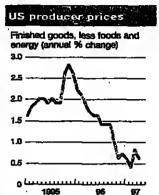
the critical question for the Fed next week was not about concrete evidence of past price increases, but the extent to which the economy was slowing after its surge in the first quarter.

Output grew at an annual Nor was there any evidence rate of 5.6 per cent in the first three months of the year, and while that has not yet produced inflationary pressures. central bank policy makers believe that a rate of growth

energy, in April were just 0.2 anywhere close to that will eventually spark wage "The Fed keeps telling us

they are focused on growth, not current inflation," said Mr Christopher Low, economist at HSBC, an investment bank. "These (producer price) numbers will not be the key to the decision next week."

Only if the Fed is convinced the economy has slowed markedly from its first-quarter pace is it seen as likely to consider abstaining from another rate increase at next week's meeting. So fer, the evidence on that is unclear.



elowed since March, as has activity in the housing market. but overall demand may not vet have slowed enough for

Singapore joins Russia agrees Nato expansion plan Thailand in its

By Chrystia Freeland in Moscow and Bruce Clark in Washington

Nato and Russia yesterday agreed a historic pact signalling the Kremlin's tacit acceptance of the western military alliance's planned eastward

Western and Russian leaders said the deal, which follows months of negotiations, will reassure Moscow that Nato expansion does not pose a threat, while allowing the alliance to move into eastern Enrope without making an enemy of the Kremlin.

concerned [about the threat posed by Nato expansion], after it [the agreement] has been signed, this concern should go away," Mr Boris Yeltsin, the Russian president, said in a television interview.

lar holdings in the Singapore market, where about half of all The Kremlin chief was speaking just a few hours after Though the intervention was 'technical". it was still the sgreemant bad been in a two The Bangkok stock market ground-breaking and comes fell 4.8 per cent, finishing at its against a backdrop of increasting session in Moscow between Mr Javier Solana, the ing desire for co-operation Nato secretary-general, and Mr Yevgeny Primakov, the Russian foreign minister. eral repurchase agreements

> a victory for "reason". sides of the Atlantic praised

its own reserves of nearly the agreement and claimed \$40bn, for defending the curcredit for pushing it through. minister Mr Amnuay Viravan. The baht closed weaker at ontinued on Page 15 makov had "paid off." A Currencies, Page 25 French foreign miniatry Continued on Page 16 World stocks, Page 33 spokesman said the pact was

"While in the past we were

The two men embraced after making what a joint communiqué described as "decisive progress" on an agreement that the east-west aparring partners both characterised as Western leaders on both

Mr Klaus Kinkel, the German foreign minister, called it "good news" and said his "countless talks" with Mr Pri-

The aim is to discover the identity of all accounts beld directly or indirectly by mem-

commission investigation coin-

cided with the news that the

Swiss government had been

asked by representatives of Mr

leader trying to oust the presi-

dent, to block all Mobutu

accounts and assets held in

sion in Switzerland and Zaire

over the validity of the

request. Swiss authorities can

only block assets if they are asked by a foreign govern-

One senior Swiss banker

which was found to have

Mr Mobutu was yesterday on

board a ship at Pointe Noire on the Congolese coast waiting

transferred funds following the announcement of the investi-

discouraged other dictators Switzerland. There was confu-

Mr Kurt Hauri, president of said yesterday that any bank

involved, any counter-parties gation would be in serious

bers of the Mobutu family.



secretary-general Javier Solana embrace after concluding talks in Moscow yesterday

that Paris was "at the origin of demands it made at the beginthese ideas". The White House, which has been the driving force behind Nato's expansion plans, was "encouraged" and said the outline of the bargain had been agreed at a February US-Russia summit.

Details of the deal, which Mr Yeltsin said be hopes to sign on May 27 at a ceremony in Paris attended by all 16 Nato member states, have not yet

But Russia appears to have

ning of the year, when its rhetorical fight against Nato expansion was at its height The pact is expected to be

legislatures of each country. A second Moscow concern

but few real concessions. Nato is believed to bave stuck by its insistence that it

aignalling that Moscow has failed in its push for a legally binding deal ratified by the that the alliance would station troops and weapons on the ter-

ritory of its new members -

signed by Nato heads of state,

cannot offer official guarantees about the eastward movement of military infrastructure because that would create a second class of members.

However, it repeated its avowal that it has "no intention, no plan and no reason" to station nuclear weapons in new entrant countries.

Editorial Comment, Page 15

This announcement appears as a matter of record only

£74,000,000

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DSSD

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Led and arranged by

Cinven

Equity provided by Cinven funds

Debt facilities arranged and provided by NatWest Markets

Freshfields acted as solicitors to the company and to the equity investors

Coopers & Lybrand acted as investigating accountants

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resources to Albania".

Mr. Vranitzky will seek to

plunged into chaos earlier

this year by the collapse of a

series of fraudulent pyramid

A move to boycott the poll

would also undermine the

caretaker government of national reconciliation,

which was appointed in

March under the Socialist

prime minister, Mr Bashkim Fino, with the aim of ending

finance echemes.

New Albania poll law irks opposition

Threatened boycott of election could lead the country back to anarchy. Kevin Done reports

announced the start of Albania's election campaign yesterday amid fears that a threatened opposition boycott of of the poll could return the country to anar-

Mr Franz Vranitzky, the international community's special envoy to Albania, is to return to the country today to try to patch up the fragile accord arranged under his auspices last Friday between the main political forces in the country.

Opposition parties have been angered at the way Mr Berisba's Democratic party railroaded a controversial new election law through parliament late on Tuesday in defiance of last week's to be agreed by consensus.

Under the new election law the number of seats in parliament will be increased to 155 with 115 decided by majority voting and 40 by proportional representation. The opposition wants more of the seats to be decided by proportional representation. Mr Berisha told a rally vesterday at Kavaja, a Demo-

Your Legal Notices

Melanie Miles on

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Unbowed: President Berisha defiantly launched his campaign amid threats of a boycott

south-west of Tirana, that he would sign the election law and dissolve parliament for elections to take place on

June 29.
"I will decree the election day and will dissolve the parliament, which you elected (last year) with your free vote, the martyr parlia-

Mr Jean Arthuis, finance

Taking a break from the

campaign tratl for the

approaching French general

election, Mr Arthuis said the

reforms, which would take

immediate effect, would let

the state "apply principals in

the control of companies in

deal which called for the law cratic party stronghold ful and wiser parliament." he told a crowd of several hundred people.

Last year's election was widely condemned by the opposition parties for ballotrigging, intimidation and violence and was regarded as seriously flawed by international monitors.

Mr Vranitzky, appointed ment of the rebellion, and by the Organisation for Security and Co-operation in

ensure that the opposition parties do not abandon the fragile electoral process, which is seen as the vital first step for returning order to the country, which was

financial institutions from particular in sonthern

tion law. The former Austrian chancellor warned that "a continuing crisis in the Albanian government will serve to increase public distrust and to discourage international organisations and the armed insurrection in

Europe to belp restore order

in Albania, issued an appeal

to the Democratic party to

find a consensus on the elec-

further . committing Albania, where large areas still remain outside government control.

The parties, which signed the accord last Friday Mr Fino, who returned to including the Democratic Tirana yesterday, was in party, had been committed Washington for meetings with the US administration to reaching agreement on the election law before takwhen the Democratic party ing it to parliament, said Mr pushed the new law through parliament.

"All parties must go into Opposition party leaders, who will face heavy internathe election campaign confident that the results will tional pressure not to boycott the election, met yestertruly represent the will of amid monnting the Albanian people," he day uncertainty.

"If we think the whole story of May 26 last year will be repeated we will not enter the elections," said Mr Mago Lakrori, international secre tary of the main Socialist opposition party. We are going to make all

efforts to correct things, but very limited. Mr Berisha has presented us with a fait accompli. The question of a boycott is still open if free and fair conditions are not

The Democratic party retains a stranglehold on parliament after winning 122 of the 140 seats in last year'e

New car sales rise on national incentive plans

By Haig Simonian, Motor Industry

New car registrations in western Europe climbed by an unexpectedly strong 9.3 per cent in April compared with a year earlier, as national incentive schemes continued to distort sales.

About three quarters of last month's 108,000 unit increase, compared with April 1996, stemmed from Italy, where a government incentive scheme has rallied sales. Registrations also climbed sharply in Spain on the back of new fiscal incentives to stimulate car buy-

The strong figures from the two countries helped to reverse the previous decline in new car registrations this year. Registrations were up 0.8 per cent, in the first fourth months on a year earlier, compared with a 2.2 per cent fall in January-March.

In Italy registrations soared by 52.4 per cent to home market. 231,500, while in Spain, sales climbed by 19.7 per cent to dropped by 4.5 per cent last 89,300, according to prelimi month.

turers' Association. Registrations were further boosted by a 12.4 per cent rise in the UK and a 2.2 per cent climb in Germany.

The upturns helped to compensate for the continuing decline in France after the end of an incentive programme. French registrations fell by 10.5 per cent last month, bringing the cumulative decline in the French market to 22.5 per cent in the first four months of this

The sharp national differences had predictable impact on manufacturers. Fiat group sales rose by 23 per cent last month, year on year, with the Italian incenprisingly, Renault and Peugeot-Citroen registraand by 2.2 per cent respectively as strong exports compensated for lower registrations in the

Korean registrations

January April 1997

French state companies face changes By David Owen in Paris The French Socialist party yesterday already made 40 years of social security The French government estimated the cost of its plan to create contributions, to retire early. yesterday announced the 700,000 jobs for young people at FFr35bn Funding for an additional 350,000 jobs in creation of a new etate-(\$6bn) to be funded by re-allocation of existthe public sector would come through scrapehareholder council to ping the existing CIE joh programme - to the value of FFr3bn-4bn - and by using the

improve the management of public-eector com-FINANCIAL TIMES
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69 156 850. Fax +4-9 69 596 4481. Represented in Frankfurt by J. Walter Brand,
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Lin Cardens, London, WIX ILE.
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ple, registered at the same address
GERMANY; Other reforms to aide public-sector management including plans to separate the regulator from the manager of public companies within the French Treasury, were unveiled yesterday by

They follow huge recent losses in state-owned enterprises such as Crédit Lyon-CERMANT;
Responsible for Advertising content; Colin A, Kennard, Printer; Hilretyet International Verlagsgescillechaft mbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu Isenburg ISSN 0174 7363. Responsible Editor; Richard Lambert, c/o The Financial Times Limited, Number One Southwark Beidge, London SEI 9811. nais and GAN, which have provoked incomprehension and indignation in France and have been partly blamed on the inadequacles of the present system.

minister.

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ing employment programmes, early retire-ment and voluntary contributions from

companies, writes Andrew Jack in Paris. Mr Dominique Strauss-Kahn, a senior Socialist politician, said companies would be asked to contribute 0.5 per cent in additional social security costs, stressing the charges would only be introduced in consultation with busine

He said a unified grant of existing job assistance measures costing FFr40,000said that new jobs are best created through reducing France's high level of social FFr50,000 per job would be used to encour-age employers in the private sector to and create husinesses in the private sector. FFr50,000 per job would be used to encouremploy 350,000 young people and help cut Mr Juppé pledged yesterday that his gov-the 13 per cant jobless rate. Mr Juppé pledged yesterday that his gov-erament if re-elected would reduce social

Up to 150,000 of these posts could come by allowing those aged under 60 but who had from this July.

theless, the state-sbare-

the right to see how it was

-He-was supported by Presi-

yesterday told ministers that

the "impunity" that had too

often protected those respon-

sible for recent public-sector

being used.

acceptable".

meddle in the management of transparency and good

of "financial catastrophes" holder was responsible for had taken place, the presitaxpayers' money and had dent said.

These had triggered "doubts over the state's ability to manage the public ser-

dent Jacques Chirac who The centrepiece of the reforms was the creation of a private sector. The new body new state-shareholder council reporting to the finance ministry and charged with evaluating ways the state It was because public should intervene in the run- bolder functions". He said there was no ques- enterprises bad not ning of public sector compation of the state seeking to respected their basic duties nies.

year, would consist of some 10 individuals drawn from the private and public sec-

erament if re-elected would reduce social

FFr12bn-FFr13bn earmarked by the existing

centre-right government for income tax cuts during 1998. "We prefer to hire 350,000 young people rather than cut this tax," Mr Strauss-Kahn says.

Mr Alain Juppé, the prime minister, has

Its president, whose identity should be known-next week, would be "an independent personality" from the "any recommendations It the way the state-share- on the boards of public sec-

In addition, as part of a sional". In particular, a sindrive to establish "Chinese gle person will no longer be The council, which would walls" designed to distin- able to sit on more than four of public companies. Never- management that a number meet at least three times a guish clearly between differ- such boards.



Juppé: on the trail

ent roles played by civil ser vants, a "service of participations and privatisations" would be created within the treasury. This would bandle matters relating to the management of public sector companies and would have no regulatory functions.

tained measures designed to considered useful to improve make civil servants sitting tor companies more "profes-

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- Citroen	223,815	-3.9		
Renault	457,859	/-C1 -	9.7	9.9
BMW group	281,604	+3.5	6.0	5.8
BMM	148,397	+4.2	3.2	3.1
Pover	133,207	2.1.	2.8	2.8
Morcedes Benz	169,788	13.4	" TH.	3.5
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		43.7	29	2B
Nissan - Y	136,811			3 20
Toyota	- 129,913	FIT4	2.8	20
Honda.	75,066	+1.6	1.5	1.8
Marcin	86.161	+2.5	1.4	1.4
Mitsublets	57,481	44.5	1.2 .	1.2
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Total Korean	85.840	+22	128	1.8
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MARKETS:	100			
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Italy	857.500	1213	18.2	14.8
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"VIV holds 70 per count and qual Blackston, ours imported from LA	moreout counts	of Blech		
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THE SOUTH AFRICAN BREWERIES LIMITED

ABRIDGED PRELIMINARY REPORT for the 102nd year ended 31 March 1997

Turnover Advances 13% to R37 billion Profit before tax Rises 14% to R3.4 billion

Attributable earnings Grow by 17% Dividends per share Improve 15% for the year

Cash value added

Increases by 14% to R13.6 billion International share placing Raised US \$413 million

Prospects

The SAB Group's focus on mass consumer markets positions it uniquely to capitalise on a resurgence in private consumption. Under these circumstances, and with the prospect of an easing in local interest rates later in the year, SAB is budgeting for further real growth in attributable earnings, with growth in earnings per share inevitably tempered by the increased number of shares in issue.

CAPITALISATION SHARE AWARD AND FINAL DIVIDEND

The Board has declared a final dividend of 222 cents per share, on account of the year ended 31 March 1997. The dividend will be paid only to those shareholders registered on 30 May 1997 ("the record date") who elect, by 12:00 on 27 June 1997, to receive the cash dividend as an alternative to the automatic capitalisation award to shareholders. However, if a cash dividend is elected, a further election may be made simultaneously to subscribe for new ordinary shares. The date of payment of the dividend, posting of capitalisation award shares and listing of the new ordinary shares will be 2 July 1997. Circulars will be mailed to shareholders on or about 3 June 1997

2 Jan Smuts Avenue Johannesburg 2001 Republic of South Africa

Copies of the Preliminary Report, which contain perticulars of the dividend and capitalisation share award, will be posted to registered Shareholders and can be obtained from the London Secretaries, JCI (London) Limited, 6 St James's Place, London SW1A 1NP.

CONTRACTS & TENDERS

POST und TELEKOM AUSTRIA AG, A-1011 Wien, Postgasse 8 (PTA), beabsichtigt, eine

Beteiligung an einem Unternehmen, das aufgrund einer von der PTA eingeräumten öffentlichen Dienstleistungskonzession gedruckte und elektronisch nutzbare Teilnehmerverzeichnisse (Telephonbücher) herausgibt, zu erwerben.

Die Dienstleistungskonzession gilt ab den 1998 erscheinenden Ausgaben 1998/99 und ist unter der Voraussetzung einer gedeihlichen Zusammenarbeit der Gesellschafter zeitlich nicht begrenzt. Die Finanzierung der Telephonbücher hat im Wege der Vermarktung der Teilnehmerverzeichnisse. Branchenbücher etc. durch den Dienstleistungskonzessionär zu erfolgen. Die Post und Telekom Austria AG strebt eine Beteiligung am neu zu gründenden oder bestehenden Unternehmen des Dienstleistungskonzessionars im Ausmaß von rd. 40% an und lädt hiermit Interessenten ein,

> Angebote für die Beteiligung der PTA am Unternehmen des Dienstleistungskonzessionars abzugeben.

Der Gegenstand des Beteiligungsunternehmens soll in der wirtschaftlichen Verwertung der Dienstleistungskonzession, sei es in Form der Herausgabe von gedruckten regionalen oder lokalen Teilnehmerverzeichnissen, Branchenbüchern, CD-Rom Lösungen sowie der sonstigen Nutzung der Anschlussdaten liegen. Die Gesellschafter haben sich zur exklusiven Wahrnehmung dieser Verwertungs-aktivitäten hinsichtlich der österreichischen Teilnehmerdaten im Rahmen des Beteiligungsunternehmens zu verpflichten. Das Unternehmen soll als Kapitalgesellschaft organisiert sein und im Hinblick auf seinen wirtschaftlichen Schwerpunkt seinen Sitz in Österreich haben. Die PTA strebt nicht die Übernahme der operativen Führung an.

Interessenten, die einschlägige Erfahrung in der Herausgabe von Teilnehmerverzeichnissen und entsprechender elektronischer Medien im In- oder Ausland haben sowie über einen gesicherten finanziellen Background verfügen, werden nach schriftlicher Erbringung eines ausreichenden Qualifikationsnachweises eingeladen, sich die detaillierten Bietungsunterlagen zu beheben. Der Qualifikationsnachweis ist gegenüber den mit der Abwicklung des Angebotsverfahrens beauftragten Wirtschaftsprüfungsgesellschaften: KPMG Austria Gesellschaft m.b.H. - Dr. F. Jonasch u. Dr. W. Platzer OHG (pA. KPMG Austria GmbH, A-1090 Wien. Kolingasse 19, Tel: +43 (1) 31 332 0; Fax: +43 (1) 31 332 5, z.Hd. Herm Mag. Reiner Leu) zu erbringen; die Bietungsunterlagen sind ebendort zu beheben. Der vorab zu erbringende Qualifikationsnachweis hat zu umfassen: Kurzbeschreibung einschlägiger Referenzprojekte (incl. Nennung einer Kontaktperson beim Vertragspartner), Beibringung einer Auskunft seitens der Hausbank, Angabe der Konzemzugehörigkeit sowie Nennung der Mehrheitsgesellschafter.

Auf Grundlage der behobenen Bietungsunterlagen ist bis zum 13. Juni 1997 14 Uhr MEZ (Zeitpunkt des Einlangens) bei der KPMG Austria Gesellschaft m.b.H - Dr. F. Jonasch u. Dr. W. Platzer OHG, pA. KPMG Austria GmbH, A-1090 Wien, Kolingasse 19, ein verbindliches Offert für die Beteiligung der PTA am neu zu gründenden oder bestehenden Unternehmen des Dienstleistungskonzesslonärs zu legen, das u.a. einen detaillierten Businessplan für das Beteiligungsunternehmen zu umfassen hat. Die Evaluierung der Angebote wird durch die beauftragten Wirtschaftsprüfungsgesellschaften nach Maßgabe eines höchstmöglichen Beitrages zum Shareholder Value der PTA unter Bedachtnahme auf Know How und finanziellen Background des Bieters erfoigen.

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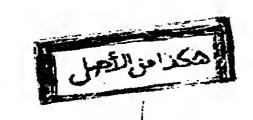
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NEWS: EUROPE

EUROPEAN NEWS DIGEST

falls sharply

A steep fall in Spanish inflation since the beginning of the year left the 12-month rate at an unexpectedly low 1.7 per cent in April, less than half the level a year ago and well within the target set for inclusion in the first wave of European monetary union. Mr Rodrigo Rato, finance minister in the centre-right government, described the figure as "historic". Ha warned that inflation might increase slightly later in the year, but said the government's original 2.6 per cent estimate for the end of 1997 was now outdated. Spain should now be able to keep inflation close to 2 per cent, he predicted.

The cut, from a 12-month rate of 2.2 per cent in March and 3.2 per cent at the end of last year - exceeded forecasts and fuelled expectations of a further quarter-point or half-point cut in the Bank of Spain's benchmark interest rate on Friday. This would be the 12th successive cut in rates, last reduced a month ago to David White, Madrid

DM160m loan for Croatia

Croatia has received a DM160m (\$93m) enterprise and financial sector adjustment loan from the World Bank to help finance bank restructuring and privatisation of the banking system and public utilities. The bank, which has committed \$457m to Croatia since 1993, is preparing a further loan to help create a funded pension system.

The loan is the latest in a spate of borrowings by Croatia. It arranged a three-year \$486m IMF standby loan last month and issued its first \$300m sovereign eurodollar loan earlier this year shortly after receiving an investment grade rating from the international rating

Irish Sugar fined by Brussels

Irish Sugar, a subsidiary of the Greencore Group, was yesterday fined Ecu8.8m (\$10m) by the European Commission for a series of illegal activities dating back to the early 1960s, in which the company abused its dominant position as the sole processor of sugar in Ireland. According to the Commission, Irish Sugar, which controls roughly 95 per cent of Ireland's sugar market, attempted to restrict competition both from French and Northern Irish imports, and from small sugar packers in Ireland. It said that in the late 1980s the company and its subsidiary Sugar Distributors offered its own Siucra brand of sugar at selectively low prices to a customer of imported French sugar.

Other infringements include the practice, since 1985, of offering rebates on bulk purchases of sugar to industrial customers that export part of their final product to other EU member states. Emma Tucker, Brussels

Lenin may stay in mausoleum

Russia's communist-dominated parliament yesterday moved to preserve Levin in peace in his mausoleum on Red Square by banning changes to the buildings in the area. Communist deputies had been incensed by a recent suggestion from Mr Boris Yeltsin, Russia's president, that Lenin's body should be removed from the mausoleum and buried alongside his mother in St Petersburg.

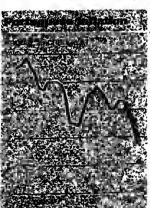
The draft law, carried by 253 votes to 48, will need approval from Mr Yeltsin, but the debate highlighted how historical symbols can still excite enormous passion in Russia. Mr Victor Appilov, an extreme communist leader, said he would stand outside Lenin's mausoleum and shoot anyone who attempted to remove the corpse of the John Thornhill, Moscow founder of the Soviet state.

Italians loath to leave home

More and more Italian adults are clinging to their mothers' apron strings as they stay longer at home. Figures from Istat, the national statistics institute, show that between 1990 and 1996, the percentage of those aged 18-34 living at home rose from 51.8 per cent to 58.5 per cent. Men are less likely to leave early, with 66 per cent of the 18-34 year-olds remaining with their parents against Robert Graham, Rome 50 per cent of the women.

ECONOMIC WATCH

Portuguese inflation declines



Portugal's year-on-year inflation fell to a 28-year low of 1.8 per cent in April, a sharp drop from 2.5 per cent in March, according to the National Statistics Institute. Annual average inflation fell to 3.1 per cent from 3.2 per cent in March. The fall in the year-on-year rate reflected the impact of the BSE crists last year, which resulted in substantial price increases in oon-beef meat products. Food prices overall rose by 1.6 per cent in April 1996 compared with only 0.2 per cent last

month. The Socialist government said the April inflation figure was a historic landmark that virtually guaranteed Portugal would meet the inflation target for participating in the first phase of economic and monetary union.

Economists consider inflation the hardest Maastricht goal for Portugal to meet, but consensus is growing that the country is on course to comply with all the Emu convergence criteria.

Italian electricity consumption in April rose 3.5 per cent compared with the same period in 1996. The increase was attributed in part to the pick-up in the automotive industry, which has been stimulated by government meentives to trade in used cars.

Robert Graham, Rome figure was a historic landmark that virtually guaranteed

CONTRACTS & TENDERS



PETRÓLEO BRASILEIRO S.A. PETROBRAS

BIDDING NOTICE INTERNATIONAL BIDDING NO. 567-9-008-97

pre-operation and technical assistance to start-up and to operation, during a period of 18 (eightsen) months for all sorvices up to start-up of the unit and 6 (six) months for tachnical assistance to operation, on a global price contract tachnical assistance to operation, on a global price contract basis. Evaluation Criterion: Lowest price, address for consultation/purchase of the bidding documents ("Edital"): onsultation/purchase of the bidding documents ("Edital"): SEGEN/EMMOR, Rus General Canabarro, 500 - 9th floor - Rio ds Janeiro - RJ - Brazil, Phone: 55 21 566-5646 - fact ds Janeiro - RJ - Brazil - Price R\$ 500.00. Opening 55 21 566-5655, from May 9, 1887. Price R\$ 500.00. Opening of bids on July 9, 1997 at 2 p.m., at SEGEN's Auditorium, at Rus General Canabaro, No. 500 - 7th floor - Rio de Janeiro - RJ - Repril

Tricky Nato gamble pays off for US

f victory always finds a hundred fathers, then yesterday's agreement between the Nato military alliance and Russia must count as a triumph of the first order.

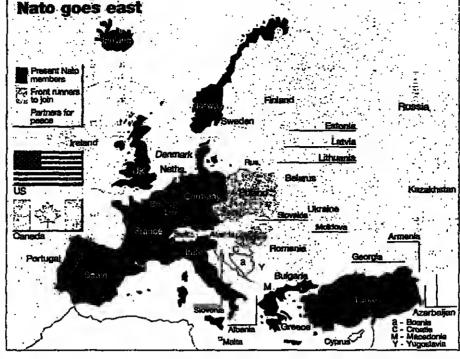
Before a single detail had been revealed, French, Ger-man and Russian officials had all rushed in to claim the credit for the historic bargain.

But the biggest winner is Washington, which, more than two years ago, gambled that it could satisfy eastern Europe's desire for inclusion into the west without overly alienating the Russians. It was a finely balanced

wager. As one American offi-

cial at the recent Helsinki

summit between the US and Russia put it, in the aftermath of the cold war, the White House found itself seeking to simultaneously avoid repeating the differing mistakes of the treaties which ended Europe's two previous wars: the post second world war sins of Yalta, where the west allowed Stalin to swallow up eastern Europe, and before that the miscalculations of the post first world war treaty of Versailles, whose harsh treatment of Germany some historians claim sowed the seeda of the second world war.



By determinedly pushing ahead with Nato expansion - but also winning grudging consent of an initially hostile Russia - the west has, for oow, delicately skirted these dual dangers.

The Nato accord, which some analysts feared would push Russia to the right by provoking lateot nationalist

instincts, served as evidence of the tremendous importance the Kremlin's rulers place on a warm relationship with the west, At crucial times in the bargaining process, the personal intervention of Mr Boris Yeltsin, the Russian president, and his apparent desire to remain

pushed the talks forward. For US officials, the central and co-operative role that Russian reformers have played in securing the deal is a vindication of President Bill Clintoo's decision, proclaimed at a Nato summit in January 1994, that the western bloc must

Yesterday's agreement has gooe a long way towards achieving that goal. But even as the congratulations are being uttered, western and Russian diplomats are US insistence that the first already warning that the wave will not be the last. next phase of Nato'a developmant is likely to ba even more prickly.

The alliance's next dilemma is the choice of full members to be invited to join at the Madrid summit in Unioo would leave them July. US officials insist the more vulnerable than ever. July. US officials insist the final decision will not be made until the last moment – perhaps in late June. However, it is no secret Poland, Hungary and the Czech republic are the prime candidates - as a result of their contribution to peace-keeping in Bosnia, scores of joint exercises with Nato and their efforts to reform and

democratise their military. Other candidates includa Romania - strongly backed by France, and boosted by the recent election of a more reformist and western-oriented government - and Slovenia, which has found an unlikely supporter in its neighbour Italy.

While ruling nothing out, US officials note that neither of those countries has the solid track record of intansive co-operation with close to his western friends, reach to both central Europe Nato which the three prime

candidates have built up. One argument in favour of keeping the "first wave" to three members is that a relatively small initial expansion will lend credibility to the

Countries not likely to be embraced in the first wava. especially the Baltic states. are already saying a Nato expansion which stops at the borders of the former Soviet

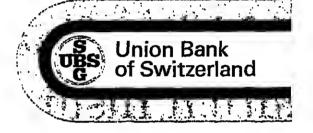
There is a danger that "by taking in a small number of applicant countries, and then shutting the door, Nato says in effect that those countries not taken in are on their own," Mr Toomas Ilves, the Estonian foreign minister, said in a recent interview with the FT.

But if Russia could be caioled into accepting Nato's expansion ioto eastern Europe, it is likely to take a much harder line where the former Soviet republics, particularly the Baltic states and Ukraine, are concerned. The difficulties of squaring that circle are likely to make this week's historic pact seem like child's play.

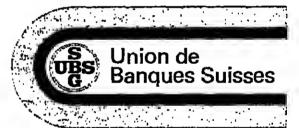
Chrystia Freeland, John Thornhill and **Bruce Clark**

One Bank Worldwide.







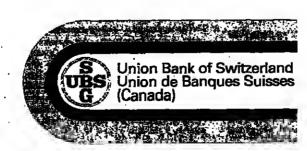


















Rates for Emu could be set this year

in Strasbourg

Exchange rates for future members of the European single currency could be set before the end of this year to avoid turbulence on the money markets. Luxembourg confirmed yesterday.

Mr Jacques Poos, foreign minister of Luxembourg, which takes over the EU's six-month rotating, monetary union. presidency on July 1, said "indicative" conversion rates for currencies in the future euro bloc could be agreed this autumn, if it became clear EU states had met the convergence criteria for monetary

By Maggie Urry in London

Some European states are

failing to apply standards

designed to eliminate BSE or

"mad-cow" disease and

tighter controls are needed

to prevent a risk to human

health, the European Com-

Mr Franz Fischler, the EU

farm commissioner, eaid

inspections carried out in

"a certain weakness" in the

"implementation and control

mission said vesterday.

certainty that a significant number of countries meet the criteria, action [on rates] can be taken," he

His comments followed the disclosure by Mr Jean-Claude launched on January I 1999. Juncker, Luxembourg's prime minister, that Luxembourg was prepar; an agreement on exchange rates ing a "war plan" to avoid specula had already been informally distive attacks in the money markets cussed by EU finance ministers, that could threaten economic and

rencies in the future euro bloc this monetary officials that speculation year could provoke controversy in financial markets on which since it would effectively prejudge the political decision on which countries would be members which had not been expected until

and the ban on feeding meat

The Commission endorsed

tions which were backed by

Ms Emma Bonino, the com-

missioner responsible for

consumer health. She said

the implementation of the

policy was "critical for con-

sumer safety" and "member

etates must shoulder their

found the rules were being

The Commission had

responsibilities".

and bone meal to mammals"

did not go on to join the first wave any speculation. of euro members, when Emu is

after Mr Juncker's suggestion.

The idea reflects concern among Setting conversion rates for cur- EU central bank governors and countries would be members of Emu could produce a re-run of the indicative conversion rates. turbulence of 1992 and 1993 which caused the break-up of the old Exchange Rate Mechanism.

Fischler slams slack food safety standards

"a risk to animal and human

The recommendations

standards for processing ani-

mal waste introduced on

April 1 this year were "fully

implemented by all member

mended the Commission

specified risk material - the

parts of an animal which are

Mr Fischler also recom-

health".

Mr Fischler's recommenda- include action to ensure

of the rendering standards broken, and were presenting as the brain and spinal cord tee would be sufficient to sumers that beef was safe to

such a ban was defeated at a

meeting of the farm minis-

Since then, Mr Pischler said,

the findings from the inspec-tions made the case "stron-

detailed proposals which will

go to the EU's Standing Vet-

ermary Committee. A quali-

thought to carry BSE, such fied majority of that commit-greater assurance to con-

ger than ever".

feed throughout the EU.

However, officials confirmed it But some officials voiced fears was theoretically possible to set an that suggestions of early setting of confirmed the treaty would allow indicative rate for a country which rates could simply bring forward Luxembourg to initiate early

Treaty stipulated decisions on Mr Poos said bringing forward membership of Emu and exchange rates had to be taken on the basis of EU members' financial perfor- publicly stating their target for mance in 1997, but did not dictate a conversion rates between future

> Once the main convergence figures on budget deficits, debt, inflation and interest rates for 1997 became clear, there was nothing to stop EU finance ministers setting

These might then be ratified by a European Council, or summit of EU leaders, he added.

An attempt to introduce push his plans in the farm

Mr Fischler will now draft said he welcomed the Com-

- in all human and animal adopt the proposals. Failing eat. He said "there is now a

ministers' council.

that Mr Fischler again will

UK farm leaders have long

ressed for the EU to adopt

the stricter controls which

apply in the UK. Mr Isn Gar-

diner, policy director of the

National Farmers' Union,

He said if the proposals

were applied it would give as a "sink" for their beef and

action on exchange rates, or at Mr Poos said the Maastricht least set out clear targets and procedures for setting rates.

> The Luxembourg plan involves EU leaders informally agreeing or euro members, exploiting the 15 per cent fluctuation bands in the ERM to secure a "managed float". Provided target rates were credible, substantial central bank intervention would be needed only at the end of the transition period to Emu in late 1998, bankers believe. Definitive rates would be set on Emu's launch in 1999.

> > general acceptance in the

Commission that BSE is not

just a UK problem. It'e worst

in the UK, but the other 14

cannot wash their hands of

Further, he said, it would

make a more level playing

field for British beef produc-

ers who have complained

tries have been using the UK



Oil pipeline hope may spur Azeri peace

French officials will confer in Washington today in an effort to hammer out a joint approach to ending more than nine years of conflict between Armenia and

The initiative follows a eeries of unexpected statements from President Heydar Aliyev and other Azeri officials that in the event of a settlement, they would accept the idea of a pipeline through Armenia to transport some of the vast

Azerbaijan

Its initial production, or

An Armenian route unthinkable as long as the Azeri-Armenian standoff the administration for continues - would provide conceding too much to one of the shortest paths to Russia and Armenia in the ports on the southern coast

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people were killed in fighting before a 1994 ceasefire which has been violated by several recent skirmishes. Today's meeting is aimed

balancing Azerbaijan'e sovereignty over its territory and Armenia's concern for the security of its ethnic kin. Previous proposals have called for the early return of thousands of Azeri refugees who were driven from their

homes in the region around Karabakh in 1992-93. However the status of the Lachin corridor, linking Armenia with Karabakh and the town of Shusha which is the region's highest which route to use to point, have generally been

sticking points. "We would welcome the economic benefite of a pipeline but we will not Karabakh for oil," said Mr Rouben Shougarian, the Armenian ambassador to the

US, yesterday. If the western powers and Russia, which are rivals for approach they could sent a pressure on the parties,

diplomats said. Mr Caspar Weinberger, the former US defence secretary. has this month castigated tug of war over control of

the Caspian region. He said Russia's "oil grab"

Azerbaijan at working out a formula for

International Operating Company, a BP-led consortium which has signed an \$8bn contract to extract oil off the Azeri coast, has yet to decide transport its main output.

early oil, will be divided between two pipelines; one through Georgia, and the other passing through the former war zone of Chechnya to the Russian port of Novorossiysk.

The viability of the of Dagestan.

trying to settle the bitter expansion of Nato.

The Financial Times plans to publish a Survey on

on Friday, May 30 For further information. please contact: **Alan Cunningham** Tel: +44 171 873 3206 Fax: +44 171 873 4296

or your usual Financial Times representative

dispute over the status of Nagorno-Karabakh, an By Bruce Clark in Washington Armenian-populated enclave of Azerbaijan. Senior US, Russian and Tens of thousands of

oil reserves of the Caspian.

Chechen route has been enhanced by this week'e influence in the region, can Rnesian-Chechen peace agree on the common accord - but also overshadowed by clashes joint delegation to put between Moslem sects in the neighbouring Russian region

The US and France have recently joined Russia as in the Caspian could turn co-chairmen of the 11-nation out to have greater strategic

Management Buyouts

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A unique quarterly source of reference from FT Financial Publishing, essential to all players in the international credit markets – borrowers, investors and

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● Duff & Phelps ● Fisch Investors Services ● IBCA ■ Japan Bond Research Institute
 ■ Japan Credit Rating Agency Moody's Investors Service ONippon Investors Service
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Invitation to shareholders to attend the 124th ordinary General Meeting of Zurich Insurance Company

on Wednesday, June 11, 1997 at 10:00 a.m.

in the "Kongresssaal," entry K of the Zurich "Kongresshaus," Claridenstrasse 3, 8002 Zurich (doors open at 9:00 a.m.)

Agenda

1. Approval of the annual report, the annual financial ments and the consolidated financial statements for 1996

and cognizance of the anditors' and group auditors' reports. The Board of Directors proposes that the annual report, the annual financial statements and the consolidated financial statements for

2. Utilization of available earnings for 1996

t tot 1336 Profies brought forward Available carnings for 1996

SFc. 14,419.055 SFc 618,063,458

SF_L 265,000,000

The Board of Directors proposes that the available earnings be used as

 Allocation to the free reserves - Designation of a SFr. 7.20 dividend before tax for the 1996 financial year on each of the 46,903,333 dividend-paying stares (nominal value SFc 10.-), payable from June 17, 1997, less a 35% deduction for Swiss with-

holding car - Undistributed profit carried forward

SFc. 337.703.998 SFc 15,359,460 SFc 618,063,458

If this proposal is approved, dividends of SFe. 4.68 net after deduction of withholding tax will be paid out free of charge either by remirtance to the bank indicated for deposit of dividends, or to the account supulated for those shareholders with shares in private safekeeping or upon presentation of a dividend payment order as of June 17, 1997.

3. Release for members of the Board of Directors and the other executive bodies

The Board of Directors proposes that members of the Board of Directors and the executive bodies be released from liability for their activities in the 1996 business year.

4. Authorized increase of capital

The Board of Directors proposes the creation of an authorized capital of maximum SFc. 25 million nominal value by inserting the following new Art. 5a) into the articles of incorpora Arc. 54) Authorized share capital

(1) The Board of Directors is authorized to increase the share capital by oo later than June 11, 1999 by an amount not exceeding SFc 25.000,000 ('authorized capital') by issuing up to 2.500,000 fully paid registered shares with a nominal value of SFc 10.— each. An rease in partial amounts is permitted.

(2) Subscription and acquisition of new shares, as well as each subse quent transfer of shares are subject to the restrictions of Art. 8 of the

31 The Board of Directors determines the date of issue of new shares. the issue price, type of payment, conditions of exercising preemptive rights, and the beginning of the dividend entitlement. The Board of Directors may issue new shares by the means of a firm underwriting by a banking institution or syndicate with subsequent offer of those shares in the current shareholders. The Board of Directors may allow the expiry of preemptive rights which have not been exercised or it may place these rights as well as shares, the preemptive rights of which e nor been exercised, at madeer condit

4) The Board of Directors is further authorized to restrict or withdraw the preemptive rights of shareholders and allocate them m third parties if the shares are to be used for the takeover of an enterprise, of parts of an enverprise or of participations or if issuing shares for the financing of such transactions or for the purpose of expanding the scope of shareholders in connection with the quotation of shares on foreign stock exchanges."

5. Contingent increases in capital

5.1 The Board of Directors proposes the creamon of a contingent capital of a maximum amount of SFs. 25 million nominal value to connection with the granting of conversion and/or option rights by inserting the following new Art. 5b) paragraph I into the articles of

*Art. 5 b) Contingent capital (1) a) The share capital may be increased by an amount not exceed-ing SFr. 25,000,000 by issuance of up to 2,500,000 fully paid regisrered shares with a nominal value of SFc. 10 - each through exercise of with bonds or similar debt instruments of the Company or one of its group companies in national or international capital markets and/or by exercising option rights which are granted to the shareholders.
When issuing bonds or similar debt instruments connected with conversion and/or other option rights, the procuptive rights of the shareholders are excluded. The current owners of conversion and/or option rights are entitled to the new shares. The conversion and/or option conditions are to be determined by the Board of Directors.

b) The acquisition of shares by exercise of conversion and/or on rights, as well as any successive transfer of shares are subject m the restrictions of Are. 8 of the articles of incorporation

c) The Board of Directors is authorized, when issuing bonds or similar debt instruments connected with conversion and/or option rights, to restrict or withdraw the right of shareholders for advance subscription in cases where such bonds are issued for the financing of a takeover of an encorprise, of parts of an enterprise or of participa-tions. If the right for advance subscription is withdrawn by the Board of Directors, the following applies: the convertible bond or warrant issues are to be offered at market conditions (including dilution proroction clauses in accordance with market practice) and the new shares are issued at current convertible bond or warrant issue conditions. The conversion rights may be exercisable during a maximum of 10 years and option rights during a maximum of 7 years from the time of the respective issue. The conversion or option price must equal at least the average of the most recent thare-selling price on the Swiss Stock Exchange over the five-day period preceding the determination of the definitive issue conditions for the respective convertible bond or war-

5.2 The Board of Directors proposes the creation of a conongent capital of maximum SFc. 10,000,000 nominal value for the purpose of employees' share ownership by inserting the following new Arc. 5b)

paragraph 2 into the articles of incorporation:

"(2) a) The share capital may be increased by an amount not exceeding SFr. 10,000,000 by issuing up to 1,000,000 registered shares to be fully paid with a nominal value of SFr. 10.— each by issuance of new shares to employees of the Company and group companies. The pre-emptive right, as well as the right for advance subscription, are precluded. The issue of shares or respective option rights to employees is subject to one or more regulations to be issued by the Board of Directors, and taking into account performance, functions, levels of responsibility and criteria of profitability. Shares or option rights thereto may be issued to employees at a price lower than that quoted on the

b) The acquisition of shares in the context of employee share ownership as well as each subsequent transfer of shares are subject to the restrictions of Art. 8 of the articles of incorporation."

6.1 Board of Directors At the General Meeting on June 11, 1997 the terms of office for the Messix, H.C.M. Bodmer, R. Hänggi, R. Hüppi, Y. Oltramare and L. van Wachem expire. Messix, H.C.M. Bodmer, R. Hüppi and

van Wachem are standing for a further period of office. The Board of Directors proposes that the Messrs. H.C. M. Bodmer, R. Hüppi and L. van Wachem be reelected to the board for a further four-year term of office.

cover, the Board of Directors proposes that the Messes. Dana G. Mead and Philippe Pidoux be newly elected to the board for a three-year term of office.

Proxies, authorization

with the admission card at the exit.

6.2 Auditors and Group auditors

Business report

The Board of Directors proposes that STG-Coopers & Lybrand AG, Zurich be reclected as statutory auditors and group auditors for the

The business report with the annual report, the financial statements and the consolidated financial statements for 1996, and the auditors

and group audimes' reports will be available for impection at the com-

puny domicile (company cashiers' office, Alfred Escher-Sussee 50 8002 Zurich) from May 20, 1997. All shareholders may request that

a copy of the business report be sent to them (contact address: Zurich

Insurance Coropany, share register, P.O. Box, 8022 Zurich). An order form is enclosed with the invitation sent to all registered shareholders

Registered shareholders entered in the share register on

May 28, 1997 as shareholders with the right to vote will receive the invitation together with a registration and order form, which they may

use m order admission cards and voting papers from the Zurich Insur-ance Company, share register, P.O. Box, 8022. Zurich. By returning

these forms prompdy (by June 2, 1997 at the latest), you will help to

ease preparations for the General Meeting. No entries conferring

voting rights will be made in the share register in the period from May

29th to the end of the General Meeting. Shareholders who dispose of their shares before the General Meeting are

no longer entitled to vote. If part of the amount recorded on an admission card is sold before the General Meeting, this admission card should be corrected at the information counter before the General Meeting.

In order to determine attendance, those leaving the General Meeting

early or temporarily should show the unused voting papers together

entered to the share register as shareholders with the right to vote.

Invitations, admission cards

Shareholders with woong rights may arrange to be represented by another shareholder entered in the share register as a shareholder with voting rights. However, partnerships and legal entitles may be represcated by signatories, minors and wards by their legal representatives, and matried shareholders by their spouses, even if these representatives are not shareholders. Alternatively, shareholders may be represented by one of the following:

Zurich Insurance Company; a bank or other professional asser manager acting as proxy for deposited shares as specified in article 689d of the Swiss Code of Obligations;
 ATAG Ernst & Young (Andreas Keller), P.O. Box, 8022 Zurich, acting as independent proxy as specified in article 689c of the Swiss Code of Obligations.

These representatives will exercise their votes in favor of the proposals made by the Board of Directors, unless expressly instructed otherwise.

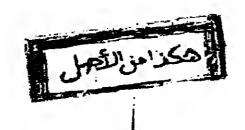
The appropriate proxy authorization should be granted by signing the registration and order form, or the admission card, and writing on the proxy card such instructions as may be appropriate. Proxy anthoriza-tions on the registration and order form should be sent to Zurich Insurance Company, share register, R.O. Box, 8022 Zurich, while those on the admission card abould be handed in the appropriate representative (rogether with the voting papers).

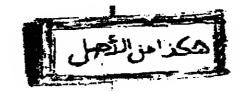
Proxy holders of deposited shares are requested to notify the company regarding the number of the shares which they represent as soon as possible, at the latest by June 10, 1997. Zurich, May 14, 1997

Zurich Insurance Company
On behalf of the Board of Directors The Chairman: R. Hoppi



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Mediators kept waiting by Kabila

peace

143811...

A last-ditch attempt to arrange a peaceful transfer of powar in Zaire was delayed yesterday as the rebel leader, Mr Laurant Kabila, once again kept African mediators waiting for him to turn up for his shipboard meeting with President Mobntu Sese

Exhibiting the same behaviour that held up the first summit 10 days ago, the guerrilla leader missed his rendezvous in the Angolan oil town of Soyo with South Africa's defence minister, meant to take him by helicopter to the SAS Outeni-

A rebel spokesman said Mr Kabila was waiting in the Angolan enclave of Cabinda. For "security reasons", he would only join Mr Mobutu, President Nelson Mandela and UN envoy Mohamed Sahnoun on the warship once it had left the Congolese port of Pointe Noire and sailed into international

The rebels expect Mr Mobutu to sign his resignation at the summit, and in public at out and you can't swallow least have rejected key elements of what diplomats say is the framework agreement on the table: power-sharing with Zaire's political class under an interim president who replaces Mr Mobutu, with elections in a year,

11.1

confident of a successful outcome to the meeting, which is believed to represent the last chance for a settlement before a military assault on Kinshasa

"We assume that most differences have been resolved and that outstanding differences will be resolved," Mr Aziz Pahad, South Africa's deputy foreign minister. said. "If not, we wouldn't be

The talks are being closely monitored by Kinshasa's 5m residents, who yesterdey heeded an opposition call for a general strike to protest et Mr Mobutu'a refusal to quit office. After Mr Mobutu's 40vehicle motorcade whisked through the city centre on its way to the airport, Kinshasa remained uncannily quiet. Boys played football in the usually husy streets and offices and shops were

Outside the home of Mr Etienne Tshisekedi, the opposition leader who called stricken areas. for the "dead city" day, e group of his supporters were playing draughts with used bottle tops. "We hope the president will not be coming back. The country spat him your saliva once it's gone.

But the mood remained tense following the introduction on Tuesday of e dawnto-dusk curfew and wild claims by the rebels, estimated to be some 150kms But South African negotia- from the capital, to have

Iran coping well with earthquake havoc

NEWS: INTERNATIONAL

Political and cultural sensitivities explain why foreign rescue teams are not encouraged

Iran's President Hashemi South Khorasan Rafsanjani was quick to earthquake aid break a atate visit to neighbouring Turkmenistan earlier this week to tour 810,000 earthquake hit areas of 155,000 southern Khorasan Province Canada 120,000 near the Afghan border, 35,000 Denmark where he promised IR500,000 150,000 (\$167) to every individual 39 tonnes of who had lost a relative. The earthquake was the 285,000 latest of more than e dozen 115,000 since February, leeving thousands dead and several 330,000 620,000 hundred thousand homeless 100,000 in politically sensitive areas populated by significant 170,000 ethnic and sectarian 3.5m

quakes were in Ardabil in the north-weat near the Azerbaijan border, and in Boinurd in north-east "The government todey will go to great lengths to see that people's immediate Khorasan near the border with Turkmenistan. "The whole country is an needs are met, and see that

earthquake zone," one diplomat remarked. Sucb historical political "Do not forget it was the 1978 earthquake which and ethnic sensitivities add to the financial cost, as well **Bbowed** the up es the urgency of the ineffectiveness corruption of the previous government's reconstruction

minorities.

The two most serious

widespread protests and the Iranian resistance to foreign public humiliation of the rescue teams. Political sensitivities in Shah's wife, the Empress Farah Diha, when she toured eastern Khorasan are further aggraveted by the

efforts and partly explain



residual presence of large Ministry, more than 1,500 numbers of Afghan refugees wbose overgrazing of

previously arable land has distorted the local economies, and who are better known for the smuggling of narcotics. In part because of these sensitivities, "Iran is extremely organised when it comes to qoake relief," Count Michael von der Nations displaced people's

co-ordinator, says.

people heve so far died, a figure revised downward from the 2.400 originally thought to beve been killed, along with 2,200 injured in the latest earthquake with a force of 7.1 on the Richter scale. Nevertbeless, some 50,000 people have been

earthquake alone. Initial estimates by the facilities in the area known Schulenburg, the United interior ministry put the as Iran's "saffron capital" cost of repairing damage at \$100m but a total damage comes at a time when prices According to the Interior evaluation from

to 3m b/d to allow for maintenance postponed from when prices were higher and oil as it could. It is also partly due to political sensitivities, and language and cultural differences, thet foreign rescue teams are not

Khorasan tragedy will not be

donor countries.

completed until next week.

to less than \$10m.

Western diplomats are, bowever, generous ln praising Iran's agencles. "When it comes to relief work, they alone know best and better than any cash and aid in kind which foreigner, bow to repair the underground water canals has been given or promised and the irrigation systems, including Iran's arch fce, the one said. "Iranians built them in the first place. If US, and European Union donor countries want to states involved in diplomatic rows with Tehran, amounts help, they should offer the money, all of which Iran The cost of reconstruction accounts for as well as the and repair of irrigation technical equipment, and let

the government decide its

than 40 per cent of the

country's hard currency

earnings, are reckoned by

diplomets to have fallen last

month to \$15.50 per barrel.

or \$2 less than the budgeted

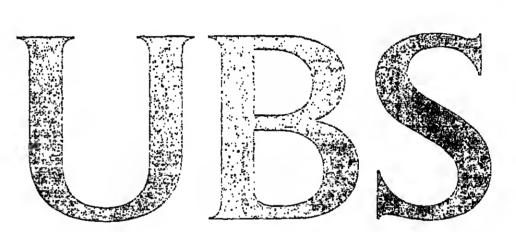
Production, which last

yeer ran as high as 4m

barrels a day, bas declined

Robin Allen

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Turkey hits PKK bases in northern Iraq

By John Barham in Ankara - A United Nations resolution

Turkish forces attacked Kurdish guerrilla bases in ber, the KDP joined forces northern Iraq at dawn yesterday, moving thousands of troops into the region and launching fighter and helicopter raids on five large camps which Turkey says were harbouring guerrillas of the Kurdistan Workers'

party (PKK). Mr Turhan Tayan, Tur-key's defence minister, said Turkey was responding to an appeal for help from a local Kurdish militia which had told Ankara the "PKK was ettempting to dominate the region. The people were suf-

fering PKK oppression." He said Turkey's participation in the operation was limited to providing air, artillery and logistical sup-port to militia of the Kurdistan Democratic party (KDP), an Iraqi Kurdish group that has controlled the region since the Gulf war ended six years

However, the government's Anatolia news agency reported several heavy clashes between Turkish forces troops and PKK fighters. Turkish and Kurdish forces have imposed a strict blackout on independent news reports from the

Mr Tayan said the absence of effective government in Iraq's Kurdish enclave has allowed the PKK to establish bases close to the Turkish border. Turkey could not allow this, but would withdraw troops when the operation was over.

President Saddam Hussein of Iraq lost control of northern Iraq in 1991, when the US and its western allies to two local Kurdish groups. resentatives.

banned Iraqi flights above with Mr Saddam to occupy part of the enclave held by rival Kurdish group.

The PKK set up campa there to launch attacks into mainly Kurdish southeastern Turkey, where it began fighting the government 12 years ago. More than 20,000 soldiers, civilians and guerrillas have died in the fighting.

Turkey has launched numerous raids in northern Iraq in abortive attempts to remove the PKK from the area. In 1995 it occupied a section of northern Iraq Ankara even has attempted to establish a 10-mile-deep cordon sanitaire along its the guerrillas simply melt into the mountains only to return when Turkish troops

In spite of its overwhelm ing superiority in numbers and equipment, Turkey's security forces have failed to crush the PKK. Each spring commanders announce a "final offensive" against the PKK. Yesterday the government said 30 PKK guerrillas were killed in fighting inside

Military commanders say a scorched earth policy in south-eastern Turkey they initiated two years ago ha cut off support to the PKK while the army has regained control of all territory once controlled hy the guerrillas.

They reject calls by its western allies and some local political leaders to end the uprising by offering limited eutonomy to the Kurdish region or negotiating turned administration over with non-PKK Kurdish rep-



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Beijing set | Europe, America 'will be best for business' for \$2bn in French deals

By Tony Walker in Beijing

China's lavish welcome for President Jacques Chirac of France, who arrives in Beijing today, is expected to include contracts worth as much as \$2bn, including commuter aircraft, aeroengines and helicopter parts, as well as a large order for Airbus iets.

Mr Chirac is due to preside over a signing ceremony for 30 Airbus airliners, including 10 A320s and 20 A321s. China may also take options on another 20. The French company Aérospatiale holds a 38 per cent share in the Airbus consortium.

Beijing is also due to sign a preliminary agreement for manufacture of a 100-seater aircraft. Partners include Aviation Industries of China, Airbus Industrie, Alenia of Italy, and Singapore Technologies Aerospace.

China is also expected in use Mr Chirac'e visit to announce it is buying five of Aérospatiale's ATR-72 commuter aircraft for use in its far-west Xinjiang region.

France's Snecma, the aero-engine manufacturer is due to sign a memorandum of understanding to snpply its CFM56-9 for the new 100seater aircraft, planned to go into service early next cen-

Snecma has beaten fierce competition Rolls-Royce, which had hoped to sell its BR715.

French-led consortia are also co-operating with China to produce rotor blades for helicopters and parts of the rear fuselage of the ATR-72s. Axa UAP, the French insurance company, will be given permission to engage in direct business in China. Axa opened a representative office in 1989, and has offices in three cities: Beijing.

Shanghai and Guangzhou. The world's insurance companies are queueing to enter China but only a hand-

China and its main trade partners will hold a new round of talks in Geneva next week on Beijing'e attempt to join the World Trade Organisation (WTO),

diplomats said yesterday, Reuter reports. A Chinese delegation would meet representatives of the US. European Union and Japan. and take part in meetings of the WTO working party

studying its application. "We will look for more signs of flexibility from China," one envoy involved in the negotiations declared. Another said the talks, three weeks after Mr Renato Ruggiero, WTO

director-general, met Chinese leaders, would show bow fast China was ready to

ful have been granted licences to engage in business there. These include American International Assurance and Tokio Marine & Fire Insurance.

China's Airhus purchase continues the European consortium's stronger ehowing in a market dominated by Boeing. The American company, with McDonnell Douglas, accounts for about threequarters of China'e commercial aircraft, but Airbus is slowly closing the gap. Airhus sold 30 A320s during a visit to France by Mr Li Peng, China's prime minister, in April 1996.

Mr Chirac, who is accompanied by some 60 heads of hig French companies, will be seeking in present himself as a firm eupporter of French husiness at a time when France'e economy is sluggish and unemployment is at record levels. As well as meeting China's leaders in Beijing, he will open a French technology exhibition grouping some 300 French companies in Shang-

Western Europe and North most congenial locations for business and investment in the next five years, while the appeal of many fast growing Asian economies is set to decline, according to a sur-

The survey, by the Economist Intelligence Unit, forecasts the Netherlands will have displaced Hong Kong by the year 2001 as the location offering the most attractive all-round business environment, with Britain in second place.

The survey, covering 58 countries, aims to reflect the main criteria used by compa-

locations. The rankings are international businesses are based on statistical data, borne out by its role as the business surveys and assess-America will be the world's ments of political and eco- for foreign direct investnomic conditions.

high taxes and rigid labour five years. markets bandicap business in much of western Europe. but forecasts the region will account for seven of the world's 10 most attractive locations in 2001.

It argues that western Europe's strengths in other areas, such as a large market, modern infrastructure and political stability, more than compensate for the region's weaknesses, which it expects to be tackled through more purposeful deregulation and reform.

world's leading destination ment, a position unlikely to The EIU concedes that be challenged in the next

Hong Kong is expected to fall to 14th in the rankings, reflecting the risk that China will not fully honour its promise to keep the territory etable and prosperous after this year's handover. Hong Kong will continue

to retain many principles of a market economy, but warns the territory's business environment is likely to suffer from erosion of the rule of law, political friction and an increase in corruption and state intervention.

Business environment scores and ranks

Ranking	Total shore	Panking	Total score	Charge in
Hong Kong	8.69	44.	8.15	-13
UK	8.53	-2	8.72	D
Notificately			£/6	
No.				4
Canada	8.25		8.45	
Detirek	"NEW Y	Water To	AND TO	
Tene Zeelan	200		4.9	
Switzerland	7.94	9	8.51	0
Germany	732	4 - 7	8.39	The Mark Sec

the only Asian entrant look is clouded by uncertainranked among the top 10 ties. countries in 2001. Many may... now face a daunting Asian economies will grow

"Mnch of Asla set of political and cultural

tions and political depth necessary to meet new challenges," the EIU says.

It expects these problems to handicap deregulation of financial and labour markets and be particularly severe in China, Indonesia, Thailand and Vietnam. Brazil, Italy and Sweden are likely to achieve the biggest improvement in its rankings over the next five years; Hong Kong, Colombia and New Zealand are forecast to suffer the largest falls.

* International Business Environment Runkings; Global Outlook, 2nd quarter 1997. EIU, 15 Regent Street, London SW1Y 4LR. Tel: 44171-830 1000. Fax: 499 9767. e-mail: london@eiu.com

US confident over talks for hemisphere free trade area

Mr William Daley, US commerce secretary, is confident of avoiding a breakdown in negotiations to create a Free Trade Area of the Americas (FTAA) this week desplte a significant disment between the US and the Mercosur trade grouping over how to pro-

Speaking on the eve of the meeting today and tomorrow between trade ministers of the 34 countries involved in the FTAA, Mr Daley played down fears that the failure so far to reach an agreement on a timetable for negotiations on reducing tariffs would result in an open dispute hetween the US and Mercosur, whose members are Brazil, Argentina, Uru-

guay and Paraguay. "There is no risk that the process will fall apart," said Mr Daley, who is on his first trade mission since taking up his post earlier this

The meeting, in the Brazilian city of Belo Horizonte, had been designed in outline a timetable for detailed negotiations, starting next year after a western hemisphere



Daley: no risk of free trade venture falling apart despite failure to timetable for tariff-cutting talks

summit in Santiago, Chile,

in March. However, talks have so far mads only slow progress. The US, backed by Canada, wants to go straight into negotiations on reducing tariffs next year.

Brazil, on behalf of Mercosur, wants to take a more

0171

649

gradual approach, dealing with non-tariff issues first and delaying talks oo tariffs until perhaps the year 2003. Brazil argues its economy is not yet ready for another

WORLD TRADE NEWS DIGEST

Brussels under

McDonnell fire

Mr Karel Van Miert, the European commissioner who has

led the opposition in the planned merger of Boeing and

the competition issues and trying to start a trade war.

is totally inappropriate, and I would say the man has prejudged it." Mr Harry Stooecipher. McDonnell chief

His protest added to the mounting outcry against the

companies, which had previously maintained a relatively

low profile, are showing signs of heightened anxiety as

support from the Clintoo edministration: Vice-President

Al Gore recently promised acton to stop the EU blocking

prejudging the issue. Christopher Parkes, Los Angeles

The 10-nation Economic Co-operation Organisation called

the deal. A group of senators has also joined the fray. writing to the president and accusing the Commission of

Central Asia transport call

yesterday for improved transport in central Asia and

Delegates to a summit in the Turkmenistan capital stressed the need for co-operation in completing links

between roads and railways and for speeding up the

discussed building several gas pipelines.

drafting of trade and transport agreements.

countries consider reducing paperwork at border

traffic congestion and delay.

crossings, sharing personnel and fecilities and moving

inspection centres away from crossing points to reduce

AP, Washington

1

competition commissioner's tactics. The aerospace

the deadlines approach for regulatory rulings on the

They have also been encouraged to speak out by

executive, said in Washington.

Editorial Comment, Page 15

\$13bn merger.

McDonnell Douglas, was yesterday accused of prejudging

"To hold the merger hostage - and I will use that term

economic shock, following the measures it took to liberalise trade at the beginning

ian criticism of Washington's trade regime, saying the US "continues to be one of the world'a most open economies". More than 25 per cent of Brazil's exports to the US entered there duty-

Brazil exported nearly Son worth of goods to the US last year, more than its exports to its Mercosur partners, the Andean Pact countries, the Central American common market and Caricom combined.

In the build-up to the Belo Horizonte meeting, the Brazilian government has escalated criticism about what it sees as unfair US trading practices in areas such as orange juice shoes and textiles. Mr Daley said that he had received several complaints from US companies about the restrictions Brazil imposed in April on sbort-term financing of imports, which he claimed set "troublesome prece-

Leaders from the 34 countries - all those of the western bemisphere except Cuba - agreed et a summit in Miami in 1994 to set up the free trade area by 2005.

Freer travel 'boost to third

Developing countries could create millions of new jobs and add billions of dollars to their export earnings if their nationals could travel more freely in rich nations to provide services, according to a study prepared for the International Organisation for

Migratico*. According to its author, Prof Bimal Ghosh, Industrialised countries would also henefit from access to cheaper eervices as well as from reduced pressures for permanent immigration.

The stndy argues that many developing countries already have a competitive edge in services such as engineering, eccounting, management consulting, nursing and cleaning.

Skill and knowledge-based services that can be delivered using telecommunications networks, such as data processing and computer programming, could alone create between 6m and 30m new jobs in the developing world and raise export income by \$210bn annually, according to the study.

This is more than double the present value of their earnings from services

The pay-off would be millions of new jobs, along with billions more dollars in export earnings'

But Prof Ghosh says the potential gains will remain largely unexploited if service-providers face obstacles in travelling to industrialised countries to market their wares and complete delivery.

He advocates an internationally harmonised special viea regime to facilitate trade-related temporary movements. This might be one

aree for negotiation when talks on liberalising services resume in the World Trade Organisation in the year

Developing countries, including india, Egypt and the Philippines, pressed without much euccess for easier movement of serviceproviders during the Uruguay Round of global trade talks that ended in 1993.

A further attempt to link the issue with negotiations on financial services in 1995 also produced few results, but there are eigns of increased interest by richer nations which want fewer restrictions on the temporary movement of their own managers and apecialists to operate foreign subsidiaries.

Prof Ghosh said yesterday that if skilled workers from developing nations could sell their aervices from home, with overseas travel where necessary, they would be less inclined to migrate on a permanent basis.

Their skills would also help build an efficient domestic services sector needed for economic development.

Gains from global linkages. Trade in services and movements of persons, by Bimal Ghosh. Published by Macmillan, London (St Martin's Press, New York, for the US)

South **Asians** set free trade deadline

By Arnal Jayasinghe in the Makives

Seven South Asian nations yesterday agreed to estab-lish a free trade bloc within four years and open political talks to end hilateral tensions plagning the region.

The Maldives' President Maumoon Abdul Gayoom, chairman of the South Asian. Aseociation of Regional Co-operation (SAARC) and host of three-day summit, said the 2001 deadline to establish a free trade area could be achieved because of fresh political commitment.

"Unless we tune our economies in draw strength from regionalisation, we would lose a great opportunity to accelerate our economies. and social development," be

President Chandrika Kumaratunga of Sri Lanka, whose country initiated the free trade idea in 1991, said fixing the 2001 deadline was a signal to the international community and people living in South Asia. We are expressing our commitment to trade liberalisation in our

region," she said. However, a preferential trade agreement between the members of SAARC -Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan been fully implemented and trade talks have yet to be completed. Member states have agreed some tariff concessions but private sector . critics say they are too little and that what is given is taken back by way of nontariff barriers.

Pakistan's foreign minister, Mr Gohar Ayub Khan, said a resolution of the dispute hetween India and Pakistan over Kashmir could rejuvenate economic activity thronghont the region. "Once you resolve this issue, you will see the potential and latent energy of the sub-continent coming in to its own," Mr Khan said. "We hold one fifth of the world's population but. we are hamstrung as if someone is tying us down with this problem."

The SAARC summit, held in the one-and-a-half-square kilometre Maldivian capital. Male, yesterday agreed to address contentious bilateral issues, although the group's charter precludes such discussions.

President Kumaratunga underlined the need for easing tensions in the region when she called for informal meetings between South Asian leaders to iron out ontstanding disputes.

OECD Export Credit Rates

The Organisation for Economic Co-operation and minimum interest rates (%) for officially supported export credits for May 15 to June 14 (April 15 to May 14 in brack-

ets).	IT KI DISKS
D-Mark	5.91 (6.0
Ecu	5.82 (5.8
French franc Guilder	6.04 (5.8
up to 5 years	5.55 (5.5
5 to 8.5 years	6.25 (6.2
over 8.5 years	7.00 (7.0
Italian-lira	6.17 (7.3
Yen	2.30 (2.3
Peseta	7,14 (7.2
Sterling	8.36 (8.1
Swiss franc US dollar	4.47 (4.5
up to 5 years	6.61 (7.3)
5 to 8.5 years	8.76 (7.5

Three rates are published mouthly by the Plancial Times, normally in the middle of the month, A premium of 0.2 per cent is to be added to the credit rates when fixing at hid, interest rates may not be fixed for more than 120 days.

over 8.5 years 6.86 (7.65)

8.76 (7.54)

CONTRACTS & TENDERS

REPUBLIC OF KAZAKSTAN
MINISTRY OF TRANSPORT AND COMMUNICATIONS DEPARTMENT OF ROADS

ALMATY TO AKMOLA ROAD PROJECT AKCHATAU-KARAGANDA SECTION (EM 788 TO KM 1003)

INVITATION FOR PREQUALIFICATION ent of the Republic of Kazakstan has applied for a loss from the International Bank for Reconstruction and Development, to an amount expected to be in the order of US\$ 100 million, and intends to apply a portion of this loan to eligible payments under the contracts for the relabilitation of the Akchatan -Karagansia section of the Almaty to Akmola Road Project.

The Department of Roads of the Ministry of Transport and Communications intends to prequalify contractors for the rehabilitation of approximately 215 km of road rehabilitation to be awarded under a maximum of 3 contracts using "slice and package" procedures. It is anticipated that invitations to Bid will be made in

September 1997.

Prequalification will be open to firms and joint ventures from eligible source countries, as defined in the Guidelines: Procurement under IBRD Losss and IDA Credits, and eligible Applicants may obtain further information from the Department of Roads and inspect the documents at the address given below from 10.00 to 18.00 working days.

the set of prequalification documents may be purchased on payment of a table for of US\$ 75. An additional US\$ 100 will be payable if documents.

nomerindable for of USS 75. An additional USS 100 will be payable if documents are to be forwarded by imeruational courier but in no circumstances will the Department of Roads be belof responsible for late delivery or loss of the documents. The non-refundable feets stated above may be paid in USS, or local currency equivalent, by bank draft, eashier's cheque, or certified check in favour of "Engineeringantedor", or by bank transfer to "Kazdorbank, Account Holder Engineeringantedor, Account Nurober N 425501 (Tengel - N 051070109, MPO 190510708, INN 600300038763 (Foreign Currency) 1905101708, INN 600300038763 (Foreign Corrency) ion will be to have carried out works of a

A minimum requirement for prequalification will be to have carried out works of similar nature and volume to the proposed contracts) and to have an acceptable Submission of Applications for Prequalificiation shall be in sealed envelop

delivered to the address below by not later than 15 July 1997 and the Department of Roads reserve the right to accept or reject late applications. Only firsts and joint ventures prequalified onder this procedure will be invited to bid.

DEPARTMENT OF ROADS

Roads 15 Const at \$6. Room 125, Gogol str., 86 480091 Alconty, Republic of Kazakstan

CONTRACTS & TENDERS

Fax: 7-3272-322679 / 324449

NAMPOWER (PTY) LTD

400k V Interconnection between Namibia and South Africa

Prequalification of Tenderers NamPower, the electricity utility of Namibia, wishes to invite interested parties to pre-qualify as tenderers for the supply and erection of the

ent as separate packages: Transformers and Reactors 400/220kV transformers 2 x SOOMVA and 2 x 350MVA

5 x 100Mvar and 4 x 50Mvar b) Static Var Compensation and Fixed/Variable Series Capac

In order to pre-qualify tenderers will have to demonstrate: i) Their experience of similar projects ii) Their espability of personnel and equipment to undertake the work ili) Their sound financial status

Pre-qualification documents will be obtainable as from 2 June 1997 against a non-refundable advance payment of USD50,000 per package. Applicants must contact Mr K M Nair, Project Manager at address below stating package(s) required and full physical address for delivery by courier. Closing date for return of documnents: 11 July 1997.

Address: NamPower (Pty) Ltd. NamPower Centre, 147 Robert Mugabe Avenue, PO Box 2864, Windhock Namibia. Payment by bank transfer (Swift) to Bank Windoek, Kudu Branch, Windhoek, NamPower Account No. 1005/06/3004T

Tel: ++264 61 2052256 Fax: ++ 264 61 2052354



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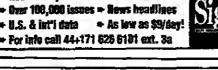


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The ECO groups Turkey, Iran, Pakistan, Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan and promotes regional ecocomic co-operation. The organisation said it would consider Turkmenistan's proposal to construct five pipelines for export of natural gas to Iran, Turkey, Afghanistan and China, and on to Europe, Pakistan, Japan and the Persian Gulf. Singapore targets insurance Singapore is bidding to become the focus of Asia's US\$1.6bn regional marine insurance market, the country's insurance commissioner said yesterdey. "We are in close dialogue with Lloyd's of London as part of its proposal to establish a greater presence in Singapore and the region," Ms Lim Shu Chiau said in a speech to regional shipowners and insurers. Ms Lim said her office and the Monetary Authority of Singapore were also in talks with two Protection and indemnity (P&I) clubs planning operations in the island republic. Analysts say marine business is worth about US\$6.8bn a year to the London market. Reuter, Singapore Fewer border patrols urged The US and Canada should relax border patrols and improve highways to meet growing trade demands, officials from the two countries said. The Eastern Border Signal Transportation Coalition, calling for free border crossings by 2012, said in a report that projected traffic increases and inadequate roads could lead to an economic crisis. The Coalition said trade between the two countries was expected to reach \$454bn by 2015, nearly double the \$272bn in 1995. The report, funded by the US Federal SPREAD BETTING ON OVER EIGHTY MARKETS Highway Administration, recommended that the two



PENANCIAL TIMES THURSDAY MAY 15 1997

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Markets slide on Brazilian scandal

in São Paulo

Allegations of vote-buying in Brazil's Congress sent shares on the country's stock markets into sharp decline yesterday in a scandal that could derail the amendment allowing President Fernando Henrique Cardoso to stand for a second term as presi-

The markets were reacting to newspaper reports accusing Mr Sérgio Motta, communications minister, of involvement in reported payments to federal deputies who supported a constitutional amendment allowing the president, state governors and mayors to run for a second consecutive term in

The scandal could also slow progress on other constitutional changes seen as essential to long-term economic stability, all requiring three-fifths majorities in both houses of Congress.

By Antony Thomoroft

One of the fin-

Klimt sold for

\$14.74m at

Sotheby's in

Tuesday night. The price

was double the pre-sale esti-

mate and established an auc-

tion record for this leading

Viennese Secessionist artist.

Klimt painted "Litzlberger-

keller Am Attersee" on the

shores of Lake Attersee in

1915 and the work is clearly

New York on

Exchange Index (Ibovespa) plunged 3.5 per cent by midover 50 per cent this year on a wave of optimism partly inspired by the prospect of a second term for President Cardoso.

Mr Cardoso's supporters

won a tough congressional battle in January when they cured first-round approval for the constitutional amendment. It must now be approved in the Senate, where a commission examining the issue was suspended on Tuesday after the allegations were published by a local newspaper, Folha de S.

The newspaper published transcripts of telephone conversations in which a federal deputy allegedly admitted receiving R\$200.000 (\$188.679) in exchange for his vote, and accused four other deputies of taking similar bribes.

"This is very worrying indeed," said Mr Alberto

Klimt landscape fetches

\$14.7m in New York sale

It was the top price in a

successful auction of Impres-

with 50 of the 66 lots on offer

finding buyers. "Danseuses",

an important late pastel by

Dégas, also comfortably beat

its estimate, selling for \$11m,

an anction record for a

One of Modigliani's 26 por-

traits of his wife, Jeanne

Hébrierne, who committed

suicide two days after the

artist's early death in 1920,

sold within forecast for

est landscapes sionist and Modern art,

Gustav which brought in \$81.3m.

The São Paulo Stock Alves Sobrinho of local brokerage Fair Corretora. "If the allegations are consession. The index had risen firmed they will cause big political complications and widespread damage to the reform programme."

A congressional investigation is expected to publish its findings next week. Analysts fear Congress may then instigate a full parliamentary inquiry, diverting atten-Markets recovered quickly

from the initial shock of Tuesday's allegations, but were shaken again vesterday when Folha published new transcripts implicating Mr Motta. The newspaper said it had obtained taped telephone conversations in which two deputies accused of taking bribes allegedly implicated Mr Motta, suggesting he had paid the governor of Amazonas state to make the bribes. Mr Motta has so far refused to com ment on the allegations.

"Fleurs et Fruits", a still life

for a Jean Gris collage when

"Guitare et Verre" made

\$1.2m; Herry Moore was on

target, with "Reclining Fig-

ure Bone Skirt" selling for

The sale confirmed the

strength of the top end of

the art market, boosted by

the international range of

interest. Around half the lots

went to Americans, mainly

private buyers, with the

remainder split between

\$2.2m to a private collector.

There was a record price

by Renoir.



Prime Minister Jean Chrétien (left), conservative leader Jean Charest (centre) and Bloc Québecois' Gilles Duceppe gesticulate during TV debate

Canada's TV poll debate falls flat

A stronger showing by the Conservatives fails to dent the lead of the Liberals

Canadians wish the interminable debate over Quebec secession would go granted in a dramatic and unexpected way on Tuesday

Party leaders had just taken up the nstional unity issue in the French-language TV debate ahead of next month'e general election when the moderator, a prominent Quebec TV personality, collapsed.

As she was carried out organisers cancelled the remaining 35 minutes of the debate. It is unlikely to be

The interruption came as Mr Jean Chrétien, prime minister, was being asked the most charged question of the evening: "Would he recognise a narrow Yes majority if Quebec were to hold another independence The party leaders, their the biggest winner from the

the public at large were left pondering what opportunities had been lost and pitfalls avoided in the absence of one of the campaign's more . eagerly : awaited With interest in the

French TV debate centred on Quebec, some commentators said yesterday that pro-Can-ada leaders, notably Mr Chrétien and Mr. Jean Charest, leader of the Progressive Conservative party, had been deprived of a golden opportunity to put across a nessage Québecois seldom

Others: thought Mr Gilles Duceppe, leader of the separatist Bloc Québecois, had the most to gain by the debate continuing after a. disastrous first two weeks of campaigning. His assertive performance in the TV. debate suggested he was looking forward to reminding Québecois how Canada had failed them.

There was wide agreement

spin-doctors, pollsters and earlier English debate on ble to regional parties. The Moday and the first two Mr Charest "The Conservatives have had some momenturn over the past couple of months, and this added to t." said Ms Donna Dasko,

> a Toronto-based polister. Mr Charest, 38, elicited the only burst of applause from the audience at the English. debate with a spirited promise "to pass on to (my children) the country I received from my parents." The Conservatives' campaign rests so heavily on their leader that the party has been nicknamed Les Charestistes in Quebec. However, it is not yet clear whether recent gains will be sufficient to put many more Tories into

election day. Canada from 1984 to 1993, won only two seats in the last election, despite gaining 16 per cent of the votes. Its support is spread across the

the House of Commons on

western Canada in 1998 and split the right-of-centre vote in many Ontario constituen-

Mr 'Chrétian's Liberals

remain far ahead in opinion. polls. According to an Angus Reid/Southam News poll last week, 42 per cent of decided voters back the Liberals, followed by the Conservatives (19 per cent), Reform (18 per cent), the social-democratic New Democrats (11 per cent), and the BQ (9 per

Mr Chrétien fanded off attacks in the TV debates by pointing to the Liberals' record of bringing interest rates down to the lowest level in 35 years and sharply lowering the federal budget

He dismissed Conservative The party, which governed, and Reform promises for an early tax cut - a centrepiece of their platforms - as a blatant attempt to buy votes. Mr Chretien compared Canada's present fiscal situa-

over and the budget balanced? Economists predict the deficit will be eliminated within the next 2-3 years. ... On national unity, the

ice-hockey game. Why give

up by cutting taxes, he

asked, before the game is

prime minister defended the Ltberals' : . tncremental approach-of making selective essions to Quebec, such as the recent transfer of jurisdiction over labour training. "I do not believe in big schemes," he said. "I believe in solving problems one by one."

Before the debate was called off, Mr Duceppe castigated the Liberals for not giving Quebec its fair share of government spending. He blamed them for everything from Montreal's depressed economy to excessive unemployment insurance premiums. But the federalists got in a few barbs of their own. Mr Chrétien raised laughter by goading Mr Duceppe over an incident two weeks ago when the BQ's campaign bus

Fabían Alarcón seems likely to secure the presidency in this month's referendum, writes Justine Newsome

Vital political test for battle-scarred Ecuador

international support for his gov- year 2000, completing Mr Bucarernment faces a vital test a week am's period. Fellow politicians

Ecuadoreans will be asked in the May 25 national referendum his uncertain constitutional sta-concession. to ratify the removal of president tus by asking the electorate to after two days of mass national anti-government protests, and the appointment of Mr Alarcon as interim president until August

in addition there are a host of political reform proposals, including plans for a national assembly reform the constitution, changes to general elections procedures and modernisation of the judicial system.

Mr Alarcon, it is said, origi-

he battle by Mr Fabian naily opted for a referendum in date for his successor, Mr Alar-railed against Mr Alarcon, con-referendum, as the people will Alarcon, Ecuador's the hope he could ask Ecuado-con made another apparent congress and the armed forces whom demonstrate at the ballot box stand-in president, to win reans to extend his term to the looked unkindly on that idea, so the president decided to bolster and his appointment all in one question.

With this question format, it Ecuadoreans to reiterate rejection of the allegedly corrupt, nepotistic and authoritarian Bucaram government without simultaneously supporting Mr Alarcón.

Amid criticism that rejection of Mr Bucaram was thus being manipulated into a positive man-

cession. He split the first ques- he accuses of mounting a coup. tion to allow Ecuadoreans to vote separately on each issue. But voters are beginning to realise that will set the record straight for it may not have been such a big prosperity, argues the new presi-

survey of eight provinces on May 4 and 5, show 73 per cent of Ecuadoreans will ratify the removal would have been impossible for of Mr Bucaram and 61 per cent will support the appointment of Mr Alarcon. At this rate, Mr Alarcon will have his own popular mandate as a result of the referendum.

> Mr Bucaram has been capturing the international airwaves from Panama, which this month granted him political asylum. He

ary. A positive referendum vote implication, his presidency.

To some extent, Mr Alarcon is tapping a chord of popular opinion. He is not the only Ecuadorean frustrated that other nations find it difficult to understand the strength of the popular uprising against the Bucaram government in February.

"Outside the country there is a distorted image," said Mr Polivio Cordova, of polling firm Cedatos. "It is very appropriate to have a

what they showed in the street. against his government in Febru- Alarcon was the best alternative congress could have chosen."

However, the referendum will mark the first of four elections orama imposes financial costs Ecuador can ill afford, opponents say. The government is staffed with representatives of the different congressional blocks which supported Mr Alarcón's appointment in February. They and congress, where his Frente Radical erative as the 1998 congress and may be able to loosen the shack-

presidential polls approach. . The government made a suc-

cessful \$500m eurobond issue in April. Foreign investor confidence in oil sector policy has The latest opinion polls by of anyone questioning congress's expected, Ecuadoreans vote in financing and go ahead with tado. ocal firm Market, following a actions in February and, by favour of electing a constituent expansion of the cross-country off assembly. This electoral pan- pipeline. With the limited investand political uncertainty which the fact the Alarcon government must leave office in August 1998. why introduce further elements of uncertainty?

The need to convince international opinion may be overstated, critics say, to mask Mr. Alarcon'a own political ambitions. If Mr Alfarista (FRA) has only three Alarcon derives his own popular seats, will also become less co-op-mandate from the referendum, he

his government, giving him more

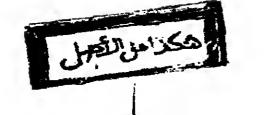
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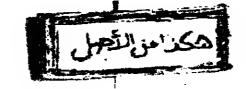
Sashvili warns o

will tend to use state resources been experiencing a fragile recov- for proselytising to make the ery, as the government shows a FRA into a big party, according dent, so in future there is no risk over the next 14 months if, as clear commitment to find private to former president Osvaldo Hur-

had not arisen and Mr Bucaram ment horizon already caused by had gone on to complete his term, Mr Alarcon, a consummate politician and three times president of congress, was tipped as a strong presidential candidate for elections in 2000. As a sitting president he cannot run for reelection immediately but must wait a term out of office first. He cannot now run in 1998, but he will be keen not to ruin his chances of a future candidacy.

mileage points that count towards higher status in any of their As a business traveller, wouldn't it be great if the airline von frequent flyer programmes. Wouldn't it be great if you could enjoy fly most often were linked to other major airlines that could fly the same high standards of service whenever and wherever von you anywhere you wanted to go. Smoothly, Effortlessly, Efficiently fly. That's the idea behind Star Alliance." a network of Lufthansa, Wouldn't it be great if you had access to more airport lounges. Air Canada, SAS, THAI, and United Airlines. A fundamental And when flying on any of these major airlines, you could earn







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The surplus plunged 24.3 The main factor behind per cent to Y7,180.2bn the smaller trade balance (\$60.5bn) in the last fiscal year, in line with market in the first half of 1996. expectations. This is equivalent to 1.4 per cent of gross domestic product, compared abroad and ancouraging

ASIA-PACIFIC NEWS DIGEST

Bofors case

to be pursued

India's federal criminal agency has formally sought

government permission to pursue the first criminal

prosecutions in the 11-year-old Bofors scandal, in which senior Indian officials and middlemen were alleged to

have received bribes for the award of a \$1.3m artillery

had submitted a 250-page report into the affair to the

officers and others.

cabinet secretary's office on Tuesday. Officials said the

agency wanted to prosecute several former government

CBI officials refused to comment on whether Mr Rajiv

Gandhi, the late Indian prime minister, was among those

was assassinated in May 1991. The newspaper said the CBI document "holds him guilty of hatching a conspiracy

to cause wilful loss to the state exchequer and allowing

Taiwan cabinet reshuffled

Taiwan partially reshuffled its cabinet yesterday in an

effort to appease an angry public concerned over the

country's worsening law and order situation. Several

unsolved murder cases involving high-profile figures led

to a demonstration early this month by 50,000 Talwanese

prime minister. However, as expected, Mr Lien Chan, the

embattled premier, survived the resbuffle, On Monday be said he would step down in July after constitutional

amendments were completed. He will also retain his post

President Lee Teng-hui in the country's first democratic

Ms Yeh Chin-fong was appointed to bead the interior

ministry, which oversees the police. Currently minister

interior ministry and one of the few to hold a top

ministerial post. Mr Chao Shao-po was promoted to

minister without portfolio to fill the hole left by the

unexpect resignation of Mr Ma Ying-jeou, the popular

China lets hijacker be taken

In a rare episode of cross-straits co-operation, Taiwan representatives yesterday crossed by fishing boat to the

nearby Chinese port of Xiamen to pick up an accused

airline hijacker so he could face justice in Taiwan. It is

the first instance of a hijacker being repatriated across

providing for such exchanges. The handover of Mr Liu

Beijing's practice of feting Taiwan air pirates as

the Taiwan strait, in spite of the lack of a bilateral accord

Shan-chung, an unemployed journalist, marked an end to

Shalikashvili warns on Korea

General John Shalikashvili, chairman of the Joint Chiefs

of Staff, yesterday described North Korea as the greatest

most senior US military officer to visit China since 1983,

threat to peace in the Asian region. Gen Shalikashvili, the

Laura Tyson, Taipei

without portfolio, she will be the first woman to run the

as vice president, to which he was elected alongside

election for the top leadership in March 1996.

former justice minister.

demanding cahinet changes and the resignation of the

middlemen to make money". Mark Nicholson, New Delhi

named in the report. The Indian Express newspaper

yesterday quoted anonymous "highly placed sources"

saying that the report had implicated Mr Gandhi, who

The Central Bureau of Investigation confirmed that it

March, reaching a seven-

year low. But economists

predicted a rebound in the

tensions:

By William Dawides in Tokyo with 3.1 per cent of GDP in manufacturers to shift outness currency now stands rent account and trade sur-Japan's current account the focus of bitter trade dissurplus fell by nearly a quar- putes between Tokyo and ter in the 12 months to Washington. The full-year decline - the fourth consecutive annual fall - comes after a 17 per cent fall in the politically sensitive surplus surplus in March compared this year and warned of a with the same month last revival of US-Japan trade year, the finance ministry

announced yesterday. was a relatively strong yen which, by rendering Japanese goods more expensive

1993, when the surplus was put abroad, beld export just over 16 per cent less pluses could rise by as much growth down to 9.5 per cent. than its level this time last as 10 per cent in the 12 Imports, meanwhile, rose more than twice as fast as

exports, by 22.4 par cent, sucked in by robust domestic demand. As a result, the surplus on trade in goods and services fell by 23.6 per cent per cent last year to an 11-year low of Y8,809bn. This includes a sharp rise in the deficit on services, up by 21.6 per cent to Y6,868bn, thanks to a growth in the number of people travelling abroad. Last year's strong yen has

been reversed and the Japa-

yesterday

The strength of tha US economy is also encouraging Japanese exports, a trend reflected in the current spate of forecasts by leading Japanese exporters of sharp profits rises for the coming year. At the same time, Japanese domestic demand is growing more slowly, because of a recent increase in consump-

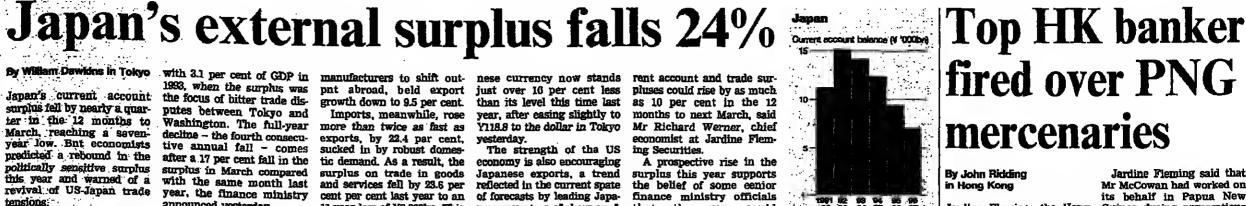
As a result, both the cur-

year, after easing slightly to months to next March, said Y118.8 to the dollar in Tokyo Mr Richard Werner, chief economist at Jardine Fleming Securities.

NEWS: ASIA-PACIFIC

A prospective rise in the surplus this year supports the belief of some eenior finance ministry officials that the yen could strengthen significantly in

coming months. However, officials yesterday argued that they did not expect the surplus to expand dramatically", no doubt sensitive to the political



problems that would arise from objections by US industrial lobbies against a perceived Japanese export





Money man: Mr Tung Chee-hwa, Hong Kong's future leader,

(pictured above) would be responsible for management of the US\$19bn Land Fund when the territory returns to China

on July 1, John Ridding reports. The announcement follows

protracted speculation about the management of the fund.

which represents accumulated revenues from government

managed by the Hong Kong Monetary Authority under the

that, initially at least, the Land Fund will be kept separate

from the territory's US\$66bn Exchange Fund, which backs

land sales. According to Mr Tung, the Land Fund will be

direction of the financial secretary. The decision means

yesterday said Mr Donald Tsang, financial secretary,

Testimony to an official inquiry in Papua New Guinea claimed Mr McCowan had helped the government in trying to arrange financing for the mercenaries, hired from Sandline

Mr McCowan had worked on its behalf in Papua New Jardine Fleming, the Hong Guinea during preparations for flotation of Orogen Minerala last year. The Hong Kong bank managed the international tranche of the issue. Mr McCowan had also travelled to the country earlier this year when Jardine Fleming had been asked by the government to see if it could arrange the purchase of the stake held in the Bougainville mine by RTZ-CRA, the British-Australian mining grown. Jardine Fleming bas denied any knowledge of

Jardine Fleming said that

mercenaries

By John Ridding

Kong investment bank, yes-

terday dismissed an execu-

tive involved in a scandal

concerning the hiring of mercenaries by the govern-

ment in Papua New Guinea.

Rupert McCowan, an assis-

tant director in its capital

markets division, had acted

beyond the acope of his

authority as an employee of the bank. "Mr McCowan did

not inform Jardine Fleming

of all of his activities in rela-

tion to Papua New Guinea,"

The dismissal comes as an

embarrassment for Jardine Fleming and is the latest

twist in a controversy trig-

gered earlier this year when

the Papua New Guinea gov-

ernment hired mercenaries

in an attempt to quell a

rehellion on the island of

Bougainville. The govern-

ment was seeking to end a

six-year stand-off which had

haltad output at the

Bougainville copper mine,

one of the world's largest.

The company said that Mr

in Hong Kong

plans to hire mercenaries. 'We could not and would not condone links with any mercenary organisation," an official said. When allegations concerning Mr McCowan emerged last month, the bank suspended its executive pending an internal inquiry by a firm of international lawvers.

The controversy over hiring the mercenaries created a political crisis in Papua New Guinea. Mr Julius Chan, the prime minister, agreed to step down earlier this year pending the outcome of the official inquiry. The head of Sandline's operations in Papua New Guinea was arrested and temporarily imprisoned in

Vietnam drug ring sentenced

By Jeremy Grant in Hanoi

Vietnam's first battle with the international drugs trade ended yesterday with the sentencing of eight people to death by firing squad for their part in a massive heroin trafficking ring. The case has ensuared top officials in Hanoi's anti-drugs team and exposed an alarming rise in drug ahuse.

Thailand. Hundreds of Vietnamese

gathered amid tight security outside a courthouse to bear verdicts in the sbowcase trial. Police used electric prods to keep the crowds at bay and interior ministry security personnel armed with AK-47 machine guns were deployed to keep onlookers in roped-off areas. The 10-day trial has been

billed as a showcase of efforts by the ruling Communist party to tackle an

opened up as the country embraces market reforms and international trade.

That has also created opportunities for personal enrichment for low-paid bureaucrats and border guards. Many have joined international drug runners in lucrative syndicates.

The trial signals that Hanoi intends to get tough on drugs dealers. Official The once closed country media said yesterday the

courtroom saw it as a test of the Communist party'e will to tackle the corruption that underpins the drugs trade and has made millionaires of officials.

"Officials say one thing and do another. People have lost confidence in them and I think our leaders have not done enough," said one man with "USA" stitched to his baseball cap. "Uncle Ho used to teach that the benefit of

Donald Tsang ponders a cash mountain

ompared with most finance ministers, Mr / Donald Tsang, Hong Kong's financial secretary, is Standard & Poor's, the a fortunate man. While his territory'e first upgrade counterparts elsewhere struggle to make fiscal ends meet, Mr Tsang is confronted by a mountain of cash. When Hong Kong of the sovereign upgrade, a reverts to China on July 1, raft of Hong Kong's he will be responsible for some US\$90bn in fiscal and foreign exchange reserves salted away in years of pru-

dent financial management. The hoard is far more than Hong Kong needs to back its currency peg to the US dol-lar. Mr Tsang admits he is under pressure to spend the money to the benefit of Hong Kong'e 6m people rather than leave it on deposit, idly accruing interest that Hong Kong does not need.

The question is fraught raising activity among with controversy hecause the world is watching closely to eee whether China will appropriate the reserves after the handover, something it has pledged not to do. Mr Tsang cannot afford to he seen to be giving money to China. But leaving so much cash in the bank means there will always be suspicions that some in Beifing will try to find a way of helping themselves.

"I do not want to do it while everybody's talking about 1997. I have been shamelessly saying I want as much money in the bank as possible during this transitional period,"

But next year he will have to address the problem. Of the expected US\$90bn total reserves, some US\$42hn comes from fiscal reserves, including accumulated revenues from land sales which revert to the government at handover. The halance

Hong Kong's credit rating was raised yesterday by since it came under the rating agency's watch in 1990. Louise Lucas reports from Hong Kong. As a result hlue-chip companies, including the Mass Transit Railway Corporation and China Light and Power, saw their ratings lifted - and should now be able to

borrow more cheaply. Hong Kong share prices rose sharply on the news, and yesterday the benchmark Hang Seng Index soared to a record high of 14,153.58.

Bankers expect the move to result in increased bond corporations - the Hong Kong government itself is a net lender rather than net borrower.

Standard & Poor's also upgraded China's foreign currency rating by one notch from BBB to BBB+.

the immediate excitement of than those of both Singapore should have priority."

the handover has died down. and Taiwan, and the governAs for spending on inframent has begun to spend a lot more in recent years.

One option is to use part of the money to fund the government's pension liabilities to retired civil servants who have heen excluded from Hong Kong's planned mandatory pension fund scheme. These liabilities have never been funded. They are likely to grow because the size of the government is increasing, and because civil servants tend to live to a ripe old age.

"Come 1998 we have to ask cuts. There is little inflation- China, which is designed to ourselves very critically ary risk because Hong create low-cost manufacturwhether we need such a Kong's high savings rate ing facilities for its multinalarge sum of money," Mr means people would save Tsang says. The debate is much of their extra income. Mr Tsang says be will likely to be cautious. On a "That is a lot better for us the border is obviously of

Hong Kong's currency.

structure, Mr Tsang says there are not anough projects in Hong Kong to spend existing recources on. But the government might decide to spend on infrastructure elsewhere in the region, given the huge financial needs in this area.

Some of it could eventually be spent in China. Public opinion would not permit this at the moment, "but over time Hong Kong will be part of China and you must not turn a blind eye to busi-

tional industries. A developed infrastructure across decide whether to spend per capita basis, Hong than to spend on things interest to Hong Kong indus bas become a conduit for recent installation of anony-some of the reserves once Kong's reserves are lower which we do not believe trialists too, but Mr Tsang drugs being shipped from mous "tip off" boxes posted says a more appropriate the notorious Golden Trian-model than Suzhon would be gle area of Laos, Burma and helped identify drug pushthe development of the Shatin new town in Hong

Kong's new territories. In Shatin the government prepared the land and then allowed the private sector to develop it for a fee, with space reserved for schools, hospitals and other social amenities.

"The government needed to put money up front, but it was recovered afterwards. If Mr Teang ever does invest in China, he certainly intends to get it back.



the GAA.

Irish republicans threaten legal action as decision is taken 'in interests of the House'

Commons Speaker bars Sinn Féin MPs

By John Murray Brown in Dublin and John Kampfner in London

Sinn Fein, the political wing of the Irish Republican Army, yesterday threatened legal action after its two MPs were told they would be denied access to parliamentary facilities unless they took the oath of allegiance to Queen Elizabeth. The MPs are Mr Gerry Adams, party president, and Mr Martin allowing anti-republican "loyalist" McGuinness, chief negotiator.

Miss Betty Boothroyd, the speaker of the House of Commons. told MPs that the House had traditionally accommodated "great extremes of opinion".

impose any "unnecessary obstacle" in the way of members wishing to fulfil their democratic mandate by attending, speaking and voting. To cheers, she added: "Equally, I or she may not attend or vote in

The murder in Northern Ireland of tary groups to remain in the politimined to claim the life of a promia leading Roman Catholic figure in cal talks process as long as the Gaelic sport was "obviously part of an ongoing campaign of assassination and attempted assassination by the 'loyalist' death squads" Mr Martin McGuinness, a Sinn Féin MP, said yesterday. It raised questions about the policy of the British and Irish governments in

feel certain that those who choose not to take their seats should not have access to the many benefits and facilities now available in this She eaid she did not want to House without also taking up their responsibility as members."

politicians representing paramili-

The parliamentary rule book. Erskine May, says that unless an MP takes the oath of allegiance he groups did not admit responsibil-

ity for terrorism, he said. Sean Brown, aged 61, was abducted from a Gaelic Athletic Association club and shot in the head. His body was dumped beside his blazing car 15km away. Brown's widow and six children said: "There can be no doubt that the murderers deliberately deter-

debates in the House. However, the Any member who had not yet been privileges of a member being in writing of their intention to do regarded by the law as qualified to so by next week.

Mr McGuinness said "there may tion has been chown to exist".

"in the interests of the House". convicted IRA terrorist, to

nent and high standing member of

His death was the third in a came on the day a young policeman shot dead in a Belfast bar was buried. The Irish National Liberation Army, a small terrorist group separate from the IRA, said it had

rules entitle an MP to "all other sworn in would have to advise her

be legal avenues we would need to Miss Boothroyd said she had explore". Mr Adams is understood decided to extend restrictions on to heve instructed Ms Siobhan MPs who refuse to take the oath O'Hanlon, a Sinn Féin official and

approach the Serjeant at Arms to arrange for the use of library and postal facilities, as enjoyed by all

Mr Michael Ancram, a Northern week as sectarian hatred again Ireland minister in the last UK govthreatened to go out of control. It ernment, said on BBC radio yesterday: "These men, McGuinness and Adams, are inextricably linked because they are the political wing of the Provisional IRA - with men who seek to use violence for political ends and to undermine the institutions of the state, including the parliament they're now trying to use the facilities of."

Mr McGuinness and Mr Adams were nationalists, he added: "There Mr McGuinness said "there may are other nationalists in parliament who take the oath and, having taken the oath, then argue their case within parliament."

Legislative programme, Page 12

Jobless calculation overhauled

By Richard Adams Economics staff

The agency responsible for collecting UK jobless statistics wants to replace the "beadline" meaenre of nnemployment with a household survey, in a move criticised as distorted and to restore credibility to the inaccurate. jobless total.

The move came as the sea-UK jobless claiming benefits analysts estimate that up to dropped by more than 300,000 unemployed people 59.000 last month, taking have been excluded from the the current headline rate of figure. unemployment down 0.2 per cent to 5.9 per cent, and the total to 1.65m, its lowest

ment figure published hy the Office for National Statistics only counts those jobless who receive benefits. But this so called "claimant count" measurement of unemployment bas been

Since the introduction of the Johseeker's Allowance tics," Mr Smith said. sonally adjusted number of in October last year, some

labour market statistics, other data

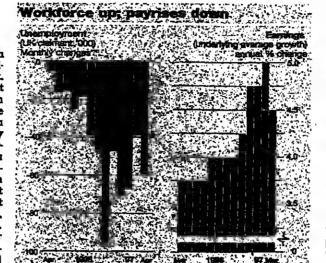
Force Survey it now undertakes every three months nitions of unemployment. should be carried out every The LFS and the claimant month.

employment minister, said the government welcomed the review. "Credibility one. In the most recent surmust be restored to the official unemployment statis-As recommended by the

House of Commons employment committee in 1986, the ONS is proposing to give greater prominence to the The ONS yesterday LFS measure, printing it launched a consultation alongside the cleimant period on its presentation of count figures and a range of

standard international deficount measures have shown Mr Andrew Smith, the substantial variations since the LPS was moved from an annual survey to a quarterly vey, the LFS showed an annual rate of unemployment of 7.5 per cent and a total 2.11m jobless. But claimant unemployment at

same time was 6.1 per cent, with 1.7m claiming benefits. Mr John Philpott, director of the independent Employment Policy Institute, said the switch to the labour survey was long overdue.



groups may claim relief on 'windfall' tax

By Leyla Boulton and Chris Tighe

US companies owning UK ntilities say they may be able to claim tax setting part of the windfall tax relief in the US on the Labour government'e planned windfall tax.

The tax on utilities privatised by to reduce double taxation on corpothe previous government is expected to raise £3bn (\$4.9bn) to £5bn and will be a centrepiece of the new government's forthcoming

regional electricity companies over the past two years. The US companies are pinning their hopes of offagainst their US domestic tax liahility on a US-UK treaty designed

ration tax, income tax and capital gains tax. Ms Elizabeth McKnight, partner at Herbert Smith, a City of London

class of taxation defined by existing treaty provisions."

Financial markets expect the tax to net about £2.5hn from the electricity sector. It will also affect the water industry and other privatised utilities.

a windfall tax are of particular rently, by and large, are not the concern to owners of UK utilities in north-east England where law firm, said yesterday; "It would both Northern Electric and company said."

Nine US companies have depend on whether the windfall tax Northumbrian Water have been it's a fair tax." both Northern Electric and company said. "We just doo't think between them acquired seven UK is structured so as to fall within a acquired within the past

18 months by companies outside CalEnergy knew before its acquisithe UK.

year by US-based CalEnergy for argues it had no way of knowing £782m, plans to argue that it was past shareholders, not the present it made will be adequate. owners, who benefited from wind-The new government's plans for fall gains. "The shareholders curones who made the windfall gains; they jumped ship long ago," the

Northern Electric coocedes that having to pay twice."

tion that the windfall tax was a Northern Electric, hought last possibility to be factored in, but

> Northumbrian Water, bought by Lyonnaise des Eaux in December 1995, said: "Lyonnaise paid for the windfall and are now facing the prospect of heing taxed on the windfall they've paid for; effectively there is the prospect of them

> whether the undisclosed provision

UK NEWS DIGEST

Stores sign US bug killer deal

US technology designed to eliminate smells from socks and kill food poisoning bugs on kitchen utensils was launched in the UK yesterday by J. Sainsbury and Marks and Spencer, the retail chains. They announced contracts with Microban International, a New York-based company, to use and sell products containing its anti-bacterial

It works from the inside out. Plastic or fibre goods such as chopping boards and cloths are impregnated with it. During the life of the product, Microban rises to the surface, destroying bacteria and mould.

Microban's active ingredient - triclosan - has been used for 25 years in toothpastes, mouthwashes and soaps. Sainsbury will launch a range of kitchen and household utensils in September which have been treated to kill bacteria such as listeria, salmonella and e.coli which may be

in food. The Sainshury launch underlines how food safety and hygiene are increasingly being used as a marketing tool in the battle for shoppers' hearts and wallets. Reported UK food poisoning cases have quadrupled over the past 10 years, with more than 95,000 last year. Alison Maitland

COMPANY BOARDS

Outsiders 'fill 50% of places'

Non-executive directors now fill half the places, on average, on company boards and have in the past five years taken on greater responsibilities, a survey published yesterday shows. But most companies do not draw up a written job specification before appointing non-executives and almost half are not given a set term of office.

The survey of UK public companies by the Institute of Chartered Accountants and Pro-Ned, an organisation which promotes the appointment of non-executive directors, found there are an average 3.6 non-executive directors on company boards out of an average total of 7.4 directors. The survey found that 91 per cent of chairmen believe the role of the non-executive director has become more demanding.

■ INTERNET

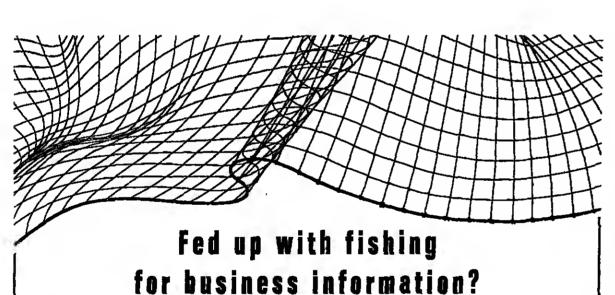
Oasis chiefs act on web copyright

The management of Oasis, one of the world's most euccessful rock groups, is threatening to take legal action for breach of copyright against hundreds of unofficial Internet sites dedicated to the band. Ignition Management has warned all unauthorised Oasis web sites that it is unlawful to use copyrighted photographs, video clips, song lyrics and sound samples without permission. It has given them 30 days to erase the illegal material. The Oasis initiative is a first for the music industry, but

forms part of a general clampdown against intellectual copyright infringements on the Internet. Music is one of the most popular areas of the Internet, not least because the demographic characteristics of computer buffs young, well educated and mostly male - are the same as those of frequent record huyers. Most acts run promotional web sites through their labels or management, but

many of which copy material from the official site. Some unofficial sites are run by pirates to sell counterfeit compact discs and cassettes, often of dubious quality, to unsuspecting fans. Alice Rowsthorn

these sites are easily outnumbered by unanthorised ones,





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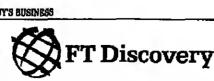
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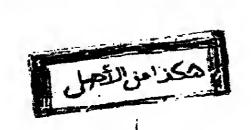
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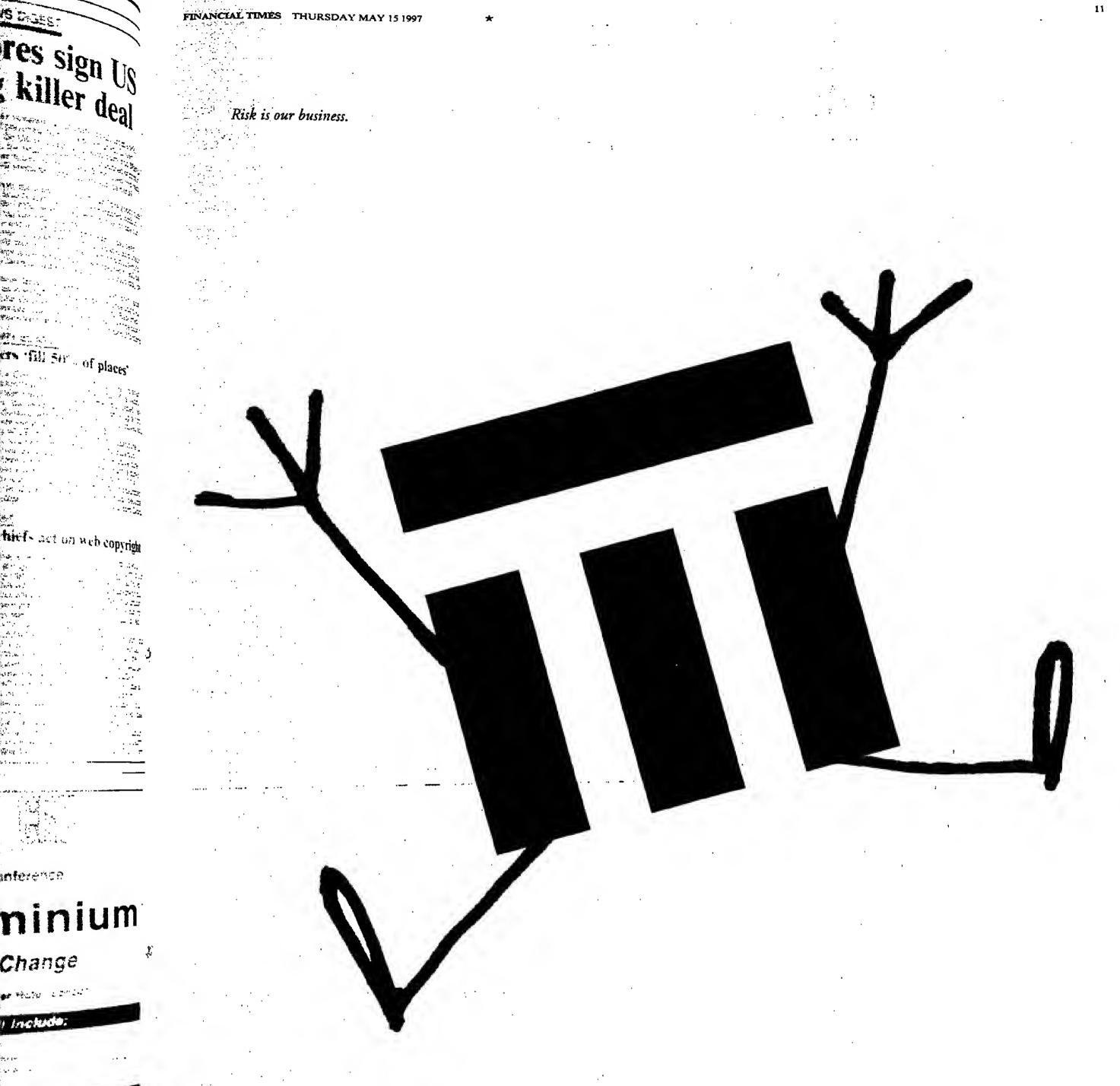
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11

III

'My Lords and members of the House of Commons . . . a partnership with business will be at the heart of my government's plans to build a modern and dynamic economy' - Queen Elizabeth

Blair calls for 'nation of entrepreneurs'

By Robert Peston, Political Editor

presaged a full overhaul of welfare as he unveiled immediate reforms of the state education aystem, health aervice and the manage-

Mr Tony Blair's speech, laying out the government's priorities for its first parliamentary session, also confirmed the revolution in Labour's values under his leadership. "I want this government to be long-termism in action," he said, citing the decision to transfer control over interest rates to the Bank papers, designed primarily to bonof England. "I want Britain to be a nation of entrepreneurs, a nation where talent and ability flourish."

ing of parliament unveiled an theme for Mr Blair's address.

awaited Queen Elizabeth and the Duka of Edinburgh. They travelled to parliament in the horse-drawn State Coach with liveried footmen on the corners. Behind came the Glass Coach convaying three ladies-in-waiting - the Mistress of the Robes, Lady of the Bedcham-

ambitious legislative programme for Labour's first government since 1979. The coming 18 months will see 26 bills and three government our core pledges made by Labour in its election manifesto.

"My government intends to gov-Earlier, the Queen's traditional ern for the benefit of the whole speech marking the official open-nation," the Queen said, setting the

The ceremonial began at ber and Woman of the Bedcham-Buckingham Palace, where the ber - and the Queen's Master of The prime minister yesterday First Battallon, Scots Guards, the Horse. One car carrying the Crown Equerry made a small concession to the 20th century. Officials including Gold Stick in Waiting, Maltravers Herald Extraordinary and Portcullis Pursuivant greeted the procession. The Queen then read a speech written for her by the government.

> The prime minister also announced a demanding agenda for fundamental changes to the social security system. "We have reached the limits of the public's willingness simply to fund an unreformed welfare system through ever higher taxes and spending," be said, using language associated with Mr Frank Field, a social security minister who argues for a com-

Mr Field was "examining with colleagues tha entire area of welfare reform for the long term, including pensions" so that the welfare state could "work for a new age", the prime minister con-

Mr Blair put particular stress on measures designed to help companies, especially small businesses. In spite of an impression given during the election campaign that Labour was likely to be cautious in government, its early programme signals radical changes to public services and the British constitu-

New parliaments for Scotland and Wales are planned. The so-called internal market in the state health service will be replaced by a system involving Editorial comment, Page 15

pulsory system of funded second groups of community doctors acting in concert to commission services from local hospitals.

> A network of regional development agencies will be created and preliminary steps will be taken towards the creation of a "strategic authority" for London, with an elected mayor.

The response from the former prime minister and temporary leader of the Conservative opposition, Mr John Major, was generous. He congratulated Mr Blair on his landslide victory in the general election and "in the interests of the British people" he wished him

But he criticised core proposals especially the windfall tax on privatised utilities, which is intended to fund job schemes.

Threat to ads fails to shake tobacco shares

By Nicholas Timmins and Ross Tieman

The tobacco industry was yesterday "very disap-pointed" about the Queen's way between the depart-Speech promise of a bill to ban tobacco advertising. Anti-smoking groups were delighted and advertisers relatively unmoved.

The announcement had no about its impact on sport. impact on tobacco shares. BAT and Imperial Tobacco explore how far indirect both rose on the day.

lic health minister, said the government was "fully committed" to a tobacco advertising ban as part of an "effective strategy to deal with smoking". That almost certainly implies further industry has mainly already hikes in tobacco tax and consideration of a ban on smoking in public places.

paper - to be followed by a had significantly reduced draft bill - will include a debate on sports sponsorship, Ms Jowell said, and on how to remove tobacco also unlikely to suffer. Mr advertising from sports Roger Parry, chief executive events "without creating any risk to those events in the

Mr Gareth Davis, chief Tobacco, challenged the wisdown by price, not bans; an said. vertising ban will do nothing to reduce consumption". islate to give effect to the According to Imperial, the European Union dats proteccigarette market has fallen 3 per cent since the last Bud- off freedom of information get pushed the price of many legislation until at least the

The industry spends £50m (\$81m) a year on advertising. according to the Tobacco Manufacturers Association. ments of bealth and national heritage over the £8m which goes on sports sponsorship. The former favours a ban

while the latter worries The paper is expected to marketing - such as cloth-Ms Tessa Jowell, the pubing linked to tobacco brands - can be curbed. That would be affected by a draft European Union directive banning tobacco advertising, which the UK is now expected to back. The advertising discounted the ban, according to Mr David Muir, head of new business at Ogilvey A summer government and Mather. Most agencies their reliance on tobacco

Outdoor poster sites are of the More group, said.
"The experience of bans in Canada and Ireland is that it doesn't have any executive of Imperial major impact on billboard advertising. All that bappens dom of the advertising ban, is that somebody else comes saying markets "are driven along and buys the sites," he

> tion directive, but has put next session of parliament.

■ MINISTERS WHO WILL INFLUENCE BUSINESS POLICIES



Few of Labour's ministers have experience of serving in government, although several have been members of big municipal authorities. As financial secretary to the Treasury, Dawn Primarolo will be Number Three in Gordon Brown's ministerial team and will be responsible for taxation policy and customs revenues. A former leftwinger - once dubbed "Red Dawn" – she made her mark in the last parliament with attacks on Conservative handling of the state health service. Responsibility for regulation in the City of London has been given to Helen Liddell, a relative newcomer to the House of Commons, who has been a correspondent for the BBC in Scotland and an executive in



the newspaper group headed by Robert Maxwell. Richard Caborn, minister for regional affairs, spent much of Labour's final mouths in opposition assessing reaction to the party's plans for decentralisation. He trained as an engineer and spent five years in the European parliame before entering the House of Commons. Brian Wilson, who has the dual portfolio of minister for education and industry in Scotland, is one of the party's wittiest debaters, a devotee of the ancient Gaelic language and a fierce opponent in the last parliament of railway privatisation. He is loathed by Scotland's nationalists as "an arch-anti-devolutionist". Nigel



Griffiths, the consumer affairs minister, joined the Labour party at the age of 15. He now promises a "revolution" for consumers whose interests, he says, have been neglected. One of the few junior nbers of the government who has held a ministerial position before is Alan Howarth, who has returned to the office at the employment department that he used a few years ago. He is one of the very few MPs to have served as minister for rival party leaders. In 1995 he was minister for higher education in John Major's Conservative administration. He quit that government and the party over its refusal to widen the rights of



Ensuring opportunity for all

proposals for a devoted Scottish parameters and applications of the West sessentity.

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If a liver will been a major role in decisions to ettered a future, including entergement, and to technic flusion for a security framework. In government will consecu-essential accurity interests and defence needs. will a frong ground forces including the nuclear determent.

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If My government will work on behalf of Hong Rong's page to achieve a successful transition which preserves their way life and promotes their continued stability-said programmy. If The promotion of frames rights workfulde laffithers produced as well the fight against herrorism, organised colours from laundering and drug interest herrorism, organised colours from any other programment for interestical fluster ment will publish a paper entiting out the poterment of the production of their adapting appears. a minister in the capinet, replaces the Overseas Beveloping a Administration, which was under the wind of the Taring Ottos and headed by a funior minister. The Life is rejoin characteristic united Nations addicational, scientific and cumber organisations. The UK left Unesco in 1985 following concerns about the efficient.

Devolution plans look Curb on abuse of market power welcomed back to 1535 and 1707

By John Kampfner, Chief Political Correspondent

The government announced a raft of devolution legislation intended to extend a measure of bome rule to Scotland and Wales for the first time since the acts of Union in 1707 and 1535. A bill establishing refer-

endums in the two regions will today become the first bill of the new parliament to The referendams are

secretary, said a simple then be put before parliacontrast to failed attempts in 1979, when legislation required a qualified major-

asked two questions have powers to amend tax Scottish parliament, the rates. In Wales, voters will be asked only if they want will be more limited.

endorsement is expected in Scotland, the result in Wales will be much closer.

Details of the proposals will be contained in a government paper to be issued soon. It would form the expected in September, and basis of bills for Scotland Mr Donald Dewar, Scottish and Wales which would majority would suffice in ment, assuming the referendums are passed. These bills would provide for:

 Establishment of a Scottish parliament.

Scottisb voters will be • Establishment of a Scottish executive and an outwhether they want a parlia-ment and whether it should • Relations between Relations between the

House of Commons and the UK government. Establishment of a Welsh

assembly which would While an overwhelming inherit the powers of the secretary of state for Wales. The single chamber Scottish parliament would have

129 members, according to Labour plans. Voters would have two votes, one in any of the 73 districts on a firstpast-the-post system. The second vote will be for candidates on a party list. A further 56 MSPs - as they will be called - will be chosen under this system, seven from each of the eight European parliament districts.

The government's commitment to strengthen competition law to prohibit abuse of market power was given a warm welcome by business and consumer groups.

The changes will include the introduction of fines and third party rights for damages against companies involved in cartels or predatory pricing.

The government believes the reforms will provide a stronger deterrent. By bringwith European Union rules, they should also reduce the burden on companies which now have to comply with both regimes.

The move comes after years of consultation and lobbying which ended in disappointment last year when approach to abuse of market shared some of the previous pany responds to a competito exact interest if mone the previous government power, a reform the Consergovernment's concerns tor's price cut by cutting its owed to them is paid late.

Unions ready for role in building new nation pendent Low Pay Unit, which said it

Mr John Monks, the Trades Union Congress general secretary, said the government had launched "an ambitious programme that will make a real difference to people at work", Robert Taylor writes. Mr Monks said trade unions would "look forward to playing our part in building the 'one-nation' Britain to which the prime minister is pledged". Legislation is promised shortly on the creation of a lnw pay commission to propose a statutory national minimum

the last Queen's Speech.

The new government is planning to replace the Restrictive Trade Practices Act with a prohibition of anti-competitive agreements. extend the prohibition

brought the UK into line with its European partners and could benefit up to 6m people by providing them with a decent wage if it was set at a "decent level" of about £4.40 (\$7.10) an hoor. But there was nothing in the speech on trade union recognition rights from companies. During the general election campaign, Labour faced attack on such proposals from employers who feared it would lead to a return to the kind of trade wage level. This was welcomed by the inde-union power exercised in the 1970s.

ing UK legislation into line dropped its draft bill from vatives declined to under- about extending prohibition take.

The Confederation of British Industry, the biggest favoured the move to a prohibition system, modelled on In addition, it is proposing to articles 85 and 86 of the

to abuse of a dominant mar-

ket position. Mr Graham Mason, the employers' lobby, said it CBFa business environment director, said one of the market dominance and Treaty of Rome. But it abuse. "If a dominant com-

mercial response or abuse of market power?" he asked. Mr Mason said the overall approach was right but the San Barrie

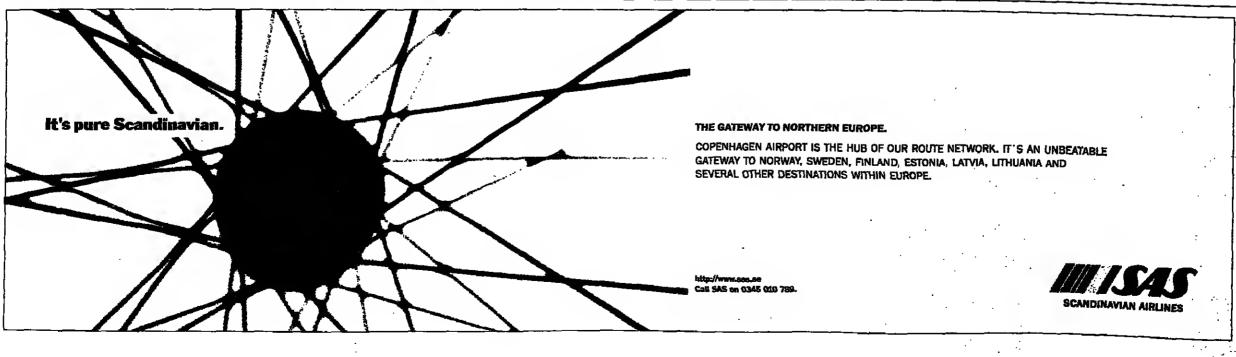
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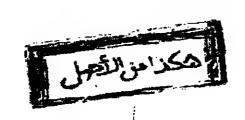
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system should not be administered in the way it is in Brussels. "We would not want to replicate the long delays in notifying agreements which we have seen in Brussels."

 Another forthcoming bill aims to reduce what ministers are as the huge burden of overdue payments owed by blg companies to sonall ones

Although 60 per cent of small companies are said to support the legislation, precise details have yet to be worked out. Officials said there would be wide consulproblems will be defining tation. Ministers say the broad aim of the bill will be to give companies the right to exact interest if money







Cinema/Peter Aspden

The rumble in the jungle

uch are the passions and iconic qualities of the greatest sporting moments that it is often tempting to read too much into them. Did Bobby Moore's golden locks on that sunny afternoon in 1966 really mark the acma of Swinging London (first time round)? Did a couple of prestigious tournament victories in 1995 truly symbolise ths dawn of the new South Africa?

The artist May 18

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In truth, very faw sporting events can bear the significance thrust upon them; but to watch When We Were Kings, Leon Gast's superb Oscar-winning documentary on the 1974 Rumble in the Jungle" between Muhammad Ali and George Foreman, is to see a world captured in the throes of its own mutation.

Ali, thought at the time to be over the hill but endeavouring to win back his world title, and Foreman, an awesomely strong champion, were taken to Zaire by the nascent entrepreneur-promoter Don King for \$10m. The extraordinary cast was completed by President Mobutu, whose fondness for the fight arena extended to placing detention cells underneath the grandstands. There was much talk -

most of it from Ali - of black man returning to his very roots. Gast and his team were in Zaire to film a music festival which would preceed the action; but when the fight was delayed after a late injury to Foreman, they hung around to record some extra footage. And what footage It turned out to be: Mobutu's murderous preening; King flicking Sbakespearean quotations like jabs at journalists too slow to write them down; Foreman, massive, gnomic, latent with destructiveness.

And, of course, Ali, whose wonderment, is particularly good wicked charm ("You think the on the ringside detail. A charmworld was surprised when Nixon George Foreman's behind") belied a deeply serious disillusionment with the US, particularly over the Vietnam war, which had made him an impor-

WHEN WE WERE KINGS Leon Gast

MICROCOSMOS Claude Nuridsany and Marie Perennou

KILLER: A JOURNAL OF MURDER Tim Metcalfe

> THE RELIC Peter Hyams

HIGH SCHOOL HIGH Hart Bochner

tant role model for young black Americans, Ali in 1974, still motor-mouthed and with a natural comic's timing, had learned how to switch to serious mode with dramatic effect.

Gast has updated his documentary (he spent the intervening years raising the money needed to complete it) with talking head testimonies from George Plimpton, Norman Mailer and Spike Lee. Lee is banal, but Plimpton and Mailer are wisely restricted to their sharp reminiscences and enrich rather than distract from the main husiness.

The fight itself, remembered for the outrageous invention of Ali's rope-a-dope victory, is elec-

ing coda sees Ali in the early resigned? Just wait'll I kick hours of the morning after the fight talking to young African children by the side of the road, the months of hype dispelled by his dignified quietude. Today, sadly, dignified quietude is virtually all he has left; King and Mobutu continue to make their idiosyncratic marks on the world; Foreman, incredibly, hoxes on. The rumble is still heard.

> we must turn for the best of the rest this week (could there be a

Killer: A Journal of Murder is a tric; Mailer, still bubbling with themes are understanding and mini-skirt and dismissive attitude. Pfeiffer capturing the hearts and in the 1970s, they got free, then pits,

It is to another documentary

lesson here?). Microcosmos is an engaging look at the vicissitudes in the lives of insects, filmed with remarkable patience and humour by its French makers. Its boldest and brightest stroke is to dispense with commentary, save for the shortest of intro/outros from Kristin Scott-Thomas, so we can savour the hypnotic beauty for ourselves, Snails snog, mos-quitos metamorphosise, a beetle rolls its globe of dung straight into a thorn, and we watch with cruel fascination as it tries to break free. You won't ever tread on any ants sgain.

taut depiction of the true story of Carl Panzram (James Woods), a murderer whose spell in jall coincides with that of idealistic young prison guard Henry Lesser (Robert Sean Leonard). The two msn form an unlikely bond: Panzram is monstrous but articulate; Lesser is fascinated by the slippery nature of morality as his reforming ideals flounder on the sadism of his fellow officers. He helps Panzram write his journal, which contains confessions of hideous murders, after which the killer demands the right to be hanged for his crimes. The film's



Wicked motor-mouthed charm: Muhammad Ali in Zaire for the 1974 fight with George Foreman filmed by Leon Gast

quite have the bite of Dead Man Wnlking, it is a thoughtful, understated work, strongly played by its leads.

ARTS

There is a moment in The Relic when two policemen, searching in the dank basement of a museum for a killer who decapitates his victims, quite naturally begin to talk about the relative merits of their favourite coffees. One favours espresso; the other plumps for latte. Little do they know that the killer making cappuccines out of innocent bystanders' brains is in fact a reptile-beetle thing with an exotic DNA code and face to match.

Here is just about every cliché you can get in the modern monster movie: hard-boiled cop with endearing belief in lucky bullet; attractive lady scientist with

redemption, and if it doean't towards superstitions; assembled cast of sycophants and pompous politicians. Cop skirmishes with scientist. Reptile-beetle thing eats sycophants. Cop gives scisntist lucky bullet. Scientist tosses off high heels and lures reptile-beetle thing to explosive end. A lurking sub-theme on the arrogance of scientific positivism goes the vaporous way of the coffee debate.

> When James Dean had a bad day dealing with the toughs at school, you believed it. You could just about take Lulu crooning to her uptight teacher Sidney Poitier a decade later in To Sir With Love. But come the 1990s, and the genre of rookie teachers straightening out tough-but-goodhearted delinquents is looking a little tired. In Dangerous Minds, we were asked to accept Michelle

minds of her charges by quoting they got high". A deeply moral Bob Dylan to them. When things get that barmy, the Naked Gun

team cannot be far behind . . . In fact, High School High is one of the more amusing examples of this now-familiar comic routine. Jon Lovitz is the klutzy teacher who preaches peace, love and understanding; Louise Fletcher is in fine obstreperous form as the stern institutional head who won't stand for nonsense. Wonder where sha's played that one before?

In Dangerous Ground (18, directed by Darrell James Roodt), lce Cube is the South African exile returned home from the US to bury his father in peace, only to find a world full of crack trading, looting and coke-toting Liz Hurley. All three make him despair: "It's like black America

message; but confusingly, Cube and his bro conclude their business by blowing away everyone in sight and talking Hurley away from her drug rehab programme to chill in the Transkei with them. A deeply depressing film.

Dismal, also, that in the very week which saw Ferrari return to the head of the Formula One world championship, we should be subjected to Chris Rea's ludicrous "tribute" to the marque, La Passione (15, director John B. Hobbs). Hard to know how to describe this work of staggering ineptitude: think of a 1970s Pirelli calendar shoot coming to life and bumping into one of Ken Russell's rejected nightmares on the cut price set of a social realist soap opera, and that still doesn't quite convey the awfulness. The

Opera/David Murray

Thrilling 'Elektra'

Opera. As the Fifth Maid who style was cramped. This superb rashly takes Elektra's side, a role cast has the firepower to make in which lusty new sopranos are Elektra searing even on a pare regularly tried out, Sandra Zeltz- stage. er's feisty intelligence has the what Strauss intended: a strong light soprano who soars above the coarser Maids.

Karita Mattila plays Elektra's sister Chrysothemis as a dizzy blonde - which partly answers to what Strauss and his librettist Hofmannsthal had in mind, but makes too little of her honest yearning for a cosy domestic life against Elektra's vengeful obsession with past horrors.

The conductor Christian Thielemann offers a fresh, judicious view of the score, but there are places - particularly the Recognition scene, and Elektra's ironic welcoming of Aegisthus - where he succumbs to the current fashion for dragging out Strauss's music so slowly that the pulse

Why mention these things? Because critics need to show that they have kept their wits about them when faced with a performance like this one, thrilling from start to finish. Reservations about Götz Friedrich's staging,

here are quibhles to be and Hans Schavernoch's set raised about the revival (basically the interior of another of Richard Strauss's giant metal tube - Friedrich likes Elektra at the Royal those), went on hold: nobody's

Dehorah Polaski, our recent wrong voice, too dark-toned for Brimnhilde in the Ring, sings' and acts a noble heroine, not just a matricidal witch. The role seems to taka her over completely. It is a magnificent performance, and quite wrenching. Mattila supplies superb vocal support, of course, and her Chrysothemis has original touches beyond the standard sweet-littlesister model. Robert Hale is in sumptuous voice as Orestes, rich and grave.

Felicity Palmer's Klytemnestra, brilliantly grotesque, is also scrupulously sung. It is rare to hear the rola delivered with such searching attention to the music. Robert Tear is again a sharply characterised Aegisthus. Thielemann may underplay some of Strauss's deliberately outré effects, but he finds more music in the score than many a conductor: the perverse bass-lines, for example, are the more disorienting for being so delicately mod-

At the end of this memorable. scarifying experience, the sudi-



Magnificent: Deborah Polaski (top) and Karita Mattila

performances will field four different principals; another strong collective charge.

ence positively bayed. Some later team, but it remains to be seen whether they can offer the same

Musical/Alastair Macaulay

All beauty without heart

prise, these days; but we were right to hope for something more

from Disney. The best Disney cartoon films led, of course, by the cartoon classics made between the late-1920s and the mid-1940s, but also including several made in recent years, long after Walt Disney's death - are among the most transporting works of art of our century, and are often intensely touching.

This stage musical is often astoundingly spectacular - it arrives in the UK from 42nd Street, blazoning the fact that it is the most expensive musical ever staged in Britain – and it retells an endlessly poignant tale; and its title song ("A tale as old as time ... " as heard in ths original Disney movie) is one of the loveliest written for musicals in recent years. The eyes, however, stay dry: sven this

crybaby's. The show's chief virtue is not in Its spectacle but in its storytelling. You always know just where you are in the narrative; it ton's coarsely acted and ill-tuned

Royal Academy of Arts Tel:

● The Berlin of George Grosz:

the first exhibition in Britain to

feature the graphic work of the

German satirist since 1956, Grosz

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to May 29

the Disney stage musical edy and seriousness, vivid sup- unacceptable. Beauty and the Beast is, porting characters, and a steady

> Beast must learn to be a gent, Beauty to overcome first impressions. One obvious weakness is that Beauty is all too quick to soften. Her change of beart is passed over while the show concentrates on his over-masculine rejuctance to reveal any tender emotion. Still, this would be OK. if only Robert Jess Roth had directed matters with more

nstead, everything seems ~ in the bad sense - to have been choreographed. The more delicate the feeling, the more it comes out like rotework. Alasdair Harvey's Reast is especially culpable here; and Julie-Alanah Brighten's Belle is monochromatically saccharine, despite the sureness of her sing-

The supporting characters are, on the whols, jollier company, notably Derek Griffiths as très français Lumière and Burke Moses as muscle-bulging but agile Gaston. Norman Rossing-

▼ he emotion expressed in has suspense, good and evil, com- flat account of Belle's father is

The fun lies in the big producin . Randall Jarrell's alternation of scenes. tion numbers - notably "Be Our "emotion of the instant, The central situation, mind Guest", s vast and exuberant dintion numbers - notably "Be Our or powdered, variety". Since this you, is turned inlo something nertime ensemble for the Beast's is a musical, this is hardly a surmore like pride-and-prejudice: enchanted bousebold of anthropomorphic crockery, cutlery, condiments and furniture. They sing, they do can-cans, tangos, manèges of coupés jetés, piqué turns: their costumes alone win applause; the set is worthy of Busby Berkeley; and by the time the huge champagne bottles explode with firework displays. the sheer outrageous daftness of the scene bears you along like a tidal wave.

There are many more songs than in the movie; all of them have music by Alan Menken. The new ones, with lyrics by Tim Rice, are lamely formulaic, and they often prompt Menken to imitate Lloyd Webber and Boublil-Schonberg at their most rhythmically leaden.

The title song, although somewhat raggedly delivered hy Mary Millar as Mrs Potts, has unusual grace. The rise and fall of its vocal lines, its simple rhythmic patterns, and its calm lyrical spread are the show's most affecting passage.

Dominion Theatre, WC2.



■ AMSTERDAM

Het Muziektheater Tel: 31-20-5518117 Eugene Onegin: by Tchaikovsky. Conducted by Hartmut Haenchen and performed by the Nederlandse Opera. Soloists include Hebe Dijkstra, Elena Prokina and Hana Minutillo; May 19

■ BERLIN

CONCERT Konzerthaus Berlin Tel: 49-30-203090 Michael Erxleben, Mika Yonezawa, Felix Schwartz, Kleif Canarius and Wolfgang Kühnl: the violinists, viola-player, cellist and pianist perform starts by Berg. Mozart and Brakins, May 16

CANNES

FILM FESTIVAL Palais des Festival et des Congrés Tel: 33-9339 0101 Festival International Du Film:

presiding over the judges for this year's 50th festival will be French actress Isabel Adjani. Highlights include Robert Besson's The Fifth Element as the opening film and new works by Wim Wenders, Michael Winterbottom and Clint Eastwood; to May 18

■ CHICAGO **EXHIBITION**

Museum of Contemporary Art Tel: 1-312-280-2660 Performance Anxiety: exhibition featuring installations by artists including Angela Bulloch, Willie Cole, Paul McCarthy and Rikrit Tiravanija; to Jun 8

COLOGNE CONCERT

Kölner Philharmonie Tel: 49-221-2040820 Philadelphia Orchestra: with conductor Wolfgang Sawallisch. violinst Frank-Peter Zimmermann and cellist Mario Brunello in works by Brahms; May 17

■ COPENHAGEN

OPERA Det Kongefige Teater - The Royal Theatre Tel: 45-33 69 69

 Der Freischütz: by von Weber. Conducted by Jan Wagner, performed by the Royal Danish Opera. Soloists Includa Christian Christiansen, Irene Theorin and Lise-Lotte Nielsen; May 17

■ DRESDEN EXHIBITION

Staatliche Kunstsammlungen Dresden - Kupferstich-Kabinett Tel: 49-351-4914619 Aus der Sammlung Ursula

Baring: exhibition paying tribute to the German art collector Ursula Baring, who put on displays for Dresden artists in her own home during the immediate post-war years when exhibition space was impossible to come by in the city; opens today

DUBLIN

CONCERT National Concert Hall Tel: 353-1-6711888 Midorl: performance by the violinist, accompanied by the planist Robert McDonald. The programme includes works by Schubert; May 18

■ GENEVA AUCTION

Sothebys Genève Tel: 41-22-7328585 European Silver: highlights include items from the collection of the late Prince Louis Ferdinand of Prussia; May 19

EXHIBITION Musée d'Art et d'Histoire Tel:

41-22-3114340 Morceaux choisis, Céramique de Grande Grèce: display of Grecian ceramics dating from 5th century BC to 3rd century AD; to Jui 20

■ HAMBURG

Hamburgische Staatsoper Tel:

49-40-351721 Amieth: choreographed by John Neumeier to music by

Tippett, performed by the Ballett

Hamburg; May 16 EXHIBITION Museum für Kunst und Gewerbe Tel: 49-40-24862732 Japanische Lackkunst der Gegenwart display of 100 laquered objects, including tables

and bowls by various Wajima mesters; from May 18 to Jul 13 HELSINKI

DANCE

Opera House Tel: 358-9-403021 Finnish National Ballet: Stravinsky's Firebird. choreographed by Jorma Uotinen to music by Stravinsky, Duende, choreographed by Nacho Duato to music by Debussy and Le Spectre de la rose, choreographed by Angelin Preliocaj to music by Carl Maria von Weber; from May 16

LONDON

CONCERT Royal Festival Hali Tel: 44-171-9604242 ◆ The Philip Glass Ensemble: performs works by Glass and Bowie; May 16 St. John's, Smith Square Tel: 44-171-2221061 lan Bostridge: performance by the tenor, accompanied by the pianist Julius Drake. The programme includes works by Schumann and Wolf, May 19 EXHIBITION

Tel: 34-1-3370100 works by Mozart, May 16 ■ NEW YORK DANCE

Germany from the end of the First World War through economic and political crises to the rise of

Fascism; to Jun 8 THEATRE Lytteiton Theatre Tel: 44-171-9210631 The Homecoming: by Pinter. Directed by Roger Michell;

■ LOS ANGELES

CONCERT Dorothy Chandler Pavillion Tel: 1-213-972-8001 Los Angeles Philharmonic: with conductor Esa-Pekka Salonen in works by Beethoven and Bartók; May 17

■ MADRID CONCERT

Auditorio Nacional de Música Orquestra National de Espana: with conductor Walter Weller and clarinettist Juan Enrique Luna in

New York State Theater Tel: 1-212-875-5570 Open Strings: choreographed by Kevin O'Day to music by King, performed by the New York City

Ballet; May 17

EXHIBITION

The Metropolitan Museum of Art Tel: 1-212-879-5500 The Four Seasons: display featuring over 80 costumes selected from the Museum's collection. The exhibition spans three centuries and examines the influence on fashion of changes in climate, social life and recreation; to Aug 17

PARIS **EXHIBITION**

59 12 40 Kees Van Dongen retrouvé. L'oeuvre sur papier 1895-1912: display of work by the Dutch artist who settled in Paris in 1897. quickly gaining a reputation as a society painter of wit and sophistication; to Jun 8 Musée du Louvre Tel: 33-1 40 20

Institut Néerlandais Tel: 33-1-53

50 50 Exposition du Centenaire de la Société des Amis du Louvre: celebrating the centenary of the Friends of the Louvre; to Jul 21

■ VIENNA

CONCERT Musikverein Tel: 43-1-5058681 Krystian Zimerman; the planist performs works by Haydn, Beethoven and Schubert, May 16

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Financial Times Business Tonight

Peter Martin

Look out, it's behind you

Most companies would rather not grasp the vast opportunities facing their industry, but they should do so - before their rivals pluck up the courage

Everybody in the industry knows about it. It's there, always present, looming in the background. The imminent threat. The unseized opportunity. The challenge nobody can face.

Most business sectors have something like this at the edge of their collective consciousness - a threat or an opportunity so vast, so different from those the industry has faced before, that existing business models and management thinking just can't cope. So everyone hopes it will go away, or that someone else will take responsibility for addressing it, charting a course the rest

of the industry can follow. Meanwhile, life goes on: mergers, acquisitions, new models, new factories, restructurings. All real anough, genuine contributions to economic activity, shareholder value, or buman progress. But all the rectly does not mean you time, there's a nagging worry: what should we be doing about the big issue. the challenge we're not yet ready to tackle?

These thoughts are just a crummy car. inspired by the merger of Guinness and Grand Metro- cars were market. politan to form GMG researched and targeted like Brands. It's an understandable deal, one that helps the two companies cope with a number of tricky problems in their relatively slow-

growth markets. In the background, though, is the issue that go one in the spirits industry is ready to grasp just yet, described in this column a year ago. It's an unseized opportunity: bow to move on from the existing portfolio of North Atlantic drinks - whisky, gin, rum, vodka to developing-world drinks like Brazilian aguardente or Korean white spirit.

At some point, one of the global drinks companies is going to find a way to tap these markets, and when it does so it will leap ahead of its rivals. But it's hard to break in: most of the successful local brands are privately owned and purely tors that didn't get the mespattern for the industry in clearly come out as econom-national, and their pricing is sage - Studebaker, Amerithe next century. well below the level the can Motors, Chrysler global companies are used to. What's more, taking new US duopoly. In turn, nearly half the value added. order will be transformed: advantage of these new opportunities means abandoning a strategy that has worked well until now: addressing third-world markets from the top down, selling premium brands with western glamour. come obvious.

So the industry looks elsewhere, at distribution improvements in existing markets and mergers lika the one which will form GMG Brands, competition rules permitting. Such collective myopia is

common enough. Sometimes, indeed, it's the sensible reaction: anticipating the future prematurely can be just as costly as reacting too late. And in any case, just because you have Identified the challenge corwill respond to it properly. The Ford Edsel, that legendary 1950s flop, was based on accurate analysis of changing consumer tastes. It was

A decade later, though, all that. The industry had moved on, and the competibecame vestigial rivals to a bution, responsible for the Big Two fell victim to the rise of Japanese imports, but that's another story, another challenge nobody in the US industry faced up to until long after its looming presence had

Today, drinks apart, what unrecognised issues lurk in the background of other husinesses? Almost everywhere you look, there is a challenge that existing competitors are not yet ready to face. In computers, for example, no one in the industry has yet come to terms with a fundamental change in customers' needs.

They don't want to buy computers any more: instead, they want effortless, low-cost, transparent information processing, distributed throughout their companies and homes. They want all the rest of the hoo-ha - the standards battles, the product choices, the compatibility issues - to go away, Locked in a struggle for market dominance, the industry is not ready to recognise it yet. But eventu-



In cars, the issue is distri-

The old system of small, franchised dealerships is cracking up. There are lots of tentative stabs at a new framework: car sales on the internet, auto superstores, Daewoo's wholly-owned distribution chain in the UK, Ford's possible introduction of direct sales in Indianapolis. But so far, they are just straws in the wind, an indication that everybody in the industry knows about the make a wholesale commit-

In financial services, the issue is the potential disappearance of most of the physical manifestations of banking. When customers switch the loyalty in their banking relationship from an institution to a budget program running on their home PCs, the industry will be transformed So far, most big banks are

ment to a new approach.

treating this with extreme caution, confining their but not overwhelming. They experiments to telephone banking or proprietary electronic systems. At some point, though, one of the big players will switch to a standard program like Intuit's Quicken or Microsoft Money, At that moment, retail banking will change forever. Until it does, the industry is pretending the problem doesn't exist.

in bealthcare and pharmaceuticals, the unaddressed issue is health economics. At some point, purchasers will start to address the question of which illness is the loser. As a manager, you most cheaply addressed by drugs and which by hospital treatment. When bealthcare purchasers start doing this sort of calculation, some But once they decide to expensive drugs will suddenly appear enormous bargains; others will clearly not make the grade.

bospital treatment will FT July 11 1996

ically superior, but others will give way to pharmaceuticals. The drugs pecking so will the established pattern of hospital treatment. At the moment both industries nervonsly know the issue is a hig one, but they are keeping it at arm's

The list goes on. In fastmoving consumer goods, the issue is product proliferation. In advertising, it is the question of when to start paying consumers for their attention. In accounting and issue - but that none of the some types of consultancy, hig boys is yet ready to it is the prospect of using computers to commoditise much routine work. And in newspapers - just to show you that there are unaddressed questions even in the best run industries - the issue is how far to move towards selecting news for each reader, to produce a "Daily Me".

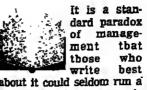
> In each case, there are technological barriers that stand between today's framework and tomorrow's. These are usually serious are dwarfed by the psychological barriers to wholesale changes in industry working patterns, and the reinctance to abandon the huge investment in the current business model.

> History shows, bowever that change eventually becomes insvitable. The first company to break ranks - or the imaginative new entrant - is not always the ultimate victor. But the company that holds out longest, attempting to ignore the new reality, is always can safely ignore the lurking presence in the background while your rivals display similar insouciance. recognise lt, you have no choice but to follow suit.

E-mail: peter.martin@ft.com Similarly, some types of *The Spirit of Temptation, BOOK REVIEW · Tony Jackson

THE LIVING COMPANY: by Arie de Geus Harvard Business School Press, 223pp, \$24.95

The voice of experience



about it could seldom run a fruit stall. The converse is equally true. Most real managers lack the gift of abstraction, and cannot write from experience without being

who

ambushed by detail. Arie de Gens is an exception. He spent 38 years with Shell, latterly in charge of its business in Africa and south Asia and as bead of planning. He is also a fluent writer who draws many of his ideas from psychology and zoology, and is infinenced hy authors as diverse as Karl Popper and the historian Fernand Braudel.

De Geus has a theory of the company which is deeply coloured by his life at Shell. It has a direct bearing on Shell's annual meeting yesterday, which discussed the company's record on human rights and the environment.

He begins by tackling the mestion of what companies are for. Is it to make money? Or is it, as Peter Drucker argued decades ago, to create customers? Neither, he says. The purpose of a company is to secure its own survival. Shell does not exist to pump oil, it pumps oil to exist. Companies fall into two categories: the living and the economic.

Living companies have a strong sense of identity, which takes in the entire workforce. They are good at learning and adapting to circumstances. They survive longer, and make more money in the long run.

Economic companies exist to create wealth for an inner circle of managers and investors. Their employees are driven by the desire to draw the biggest possible salary, Economic companies tend to sbort while and die young. Should we worry about this reality make themselves UK

dard paradox Geus says. Economic companies focus on physical and ment that financial assets, and neither suit everyone to live in a community of workers.

But as an ex-manager, his heart is not in the argument. As a student in Rotterdam, he remarks, he was taught about homo economicus: a rational being, making choices on the basis of self-interest. When he walked into his first oil refinery, it came as a shock to find the species did not exist.

The economic company is the counterpart of economic man. Companies may believe they are machines for making money, since that is a rational concept. Reality is more untidy, being rooted in buman nature.

He has a more fundamental objection. In the late Middle Ages, he reminds us, capital replaced land as the main commodity of production. Being scarcer, it also attracted a higher return.

In the late 20th century. capital has lost its scarcity. The crucial factor of production is now the "knowledge worker". The living company specialises in developing such workers. The economic company concentrates on maximising the return on investors' capital. It is therefore out of date.

The logic of de Geus's position sets him against the phenomenon of shareholder power. Shareholders, he argues, are simply suppliers of money. The legal framework which gives them control of the company is an

One damaging result is corporate downsizing, "A company that pulls through a crisis with its buman talent mostly in place," he writes, "carries a real promise of a better outcome, both for its capital suppliers and be highly profitable for a for its people. Yet managers who act in accordance with

It is a stan- this? Not necessarily, de vulnerable to the law." The average fund manager may think de Geus has lost touch with reality. The conare unimportant. Nor does it verse could be argued. The vogue for shareholder value bases much of its appeal on intellectual simplicity. Perhaps that simplicity fails to capture the complexities of the real world.

The reader of de Geus's book enters a world very different from that of the stock market. Why is it that the British titmouse learnt to peck holes in milk bottle tops, when the rohin did not? Because titmice flock together and exchange information, while the robin is a loner. In the living company, people flock together and earn faster.

Why do Chilean potato farmers let odd corners of their fields grow wild? Because they harbour variant strains. When the blight strikes the main crop, there may still be seed potatoes for the next harvest. The living company will allow little businesses to flourish, rather than dictate a single culture from the top down.

It is possible to quarrel with this. De Geus does not confront the fact that when companies try to prolong their lives, they can do economic and social damage.

But he makes a powerful point the other way. "People mourn when a company dies," he writes. "A premature death means unnecessary suffering in the environment of the deceased company. [It] causes disruptions, loss of values, and moral and physical danger.

From a management writer, this might seem sentimenial. From a professional manager, it sounds like the voice of experience.

The Living Company is available from FT Bookshop by ringing FreeCall 0500 500 (outside the UK). Free p&p in

LETTERS TO THE EDITOR.

Number One Southwark Bridge, London SE1 9HL We are keen to encourage letters from readers around the world. Letters may be fasted to +44 171-873 5938 (please set far-

Human rights commission for Child labour UK would be a timely signal

From Mr Gerald Holtham. Sir. The foreign secretary's determination to put human rights at the heart of UK foreign policy is indeed welcome news, as is his recognition that foreign and domestic policy must be con-

sistent in this regard. The decision to incorporate the European Convention on Human Rights into our domestic Isw is a significant step; but it would be by establishing a human rights commission that the government could signal that the UK intends to put its own house in order and to bonour its international human rights ohligations. Establishing a commission in Northern Ireland is vital in this

context. If people throughout the country are to feel the benefits of incorporating the convention and it is not to be purely formal, we need a

public body charged with responsibility for promoting and enforcing lt.

A buman rights commission would advise individuals as to bow to obtain redress and would selectively back test cases in the courts. It would scrutinise proposed legislation for conformity to the convention thus reducing the possibility

and advise parliament and government accordingly. of subsequent challenge in the courts. It would conduct inquiries into issues causing public concern and, finally, through an effective promotion and education strategy. it could foster a culture of rights and responsibilities throughout society.

costed for the IPPR at only

assembly in 1993.

Public expenditure constraints need not delay establishing the UK human rights commission, which has been authoritatively

The UN is strongly encouraging its members to establish national human rights institutions of this kind. according to a set of principles agreed by the general

Were the UK to follow this trend, it would enhance its credibility abroad when encouraging other states to improve the protection offered to their own citizens. Moreover, we could be confident that the proposed legislation really would touch the lives of the many in the UK and not just of the few who, through their own resources could take the occasional case through the courts.

Gerald Holtham, director, Institute for Public Policy 30-32 Southampton Street,

no longer acceptable

From the Rev Hugh C.

Sir, Christian Aid'e demand for an end to child labour in the Indian subcontinent ("Call to end child labour", May 12) deserves the support of every right-

thinking person. It is entirely in tune with the aims of the recent partnership between the International Labour Office, Unicef and the Sialkot Chamber of Commerce and Industry. Benefiting from child labour in a global economy is simply no longer acceptable. The sooner governments and industries support the views of these organisations, the sooner we will see a global

Hugh C. Ormiston Scottish Churches Industrial 121 George Street, Edinburgh EH2 4YN, UK

economy fit for everyone.

Globalisation affects OECD unskilled

Sir, Adrian Wood is right (Letters, May 9) to question Martin Wolf's argument that globalisation has little effect on OECD unskilled wages, in which he cites work by Matthew Slaughter and Phillp Swagel to the effect that only "10-20 per cent" of OECD wage movement is

due to globalisation. This assessment is based on partial data on the world economy evaluated through models that do not allow for all the main interactions. Work with my research

team at Liverpool and Cardiff Universities has looked at the full range of world

From Mr Peter

Rowbrey-Evans.

Sir. The millennium

bomber portrayed by Mr

Castell (Letters, May 13)

does not exist. Millions of

lines of software were pro-

by programmers who

duced in the 1970s and 1980s

data during the two decades 1970-90 and confronted it with a general model of the world economy.

The relative wage decline of unskilled OECD workers is the result of several offsetting impulses including western productivity growth and spending on higher education.

Among them, bowever, also figures globalisation (ie. increasing competition from developing country manufactures) which would, taken alone, account for this declina of some 1 per cent per annum in its entirety. In other words, globalisation

packs a huge punch which it

Millennium bomber is a mere phantom

nium bug.

believed their programs

would be replaced after a

few years. There was no

intention to create a millen-

But Mr Castell is right to

say that suppliers of contem-

porary computer software

(including firms contracted

has taken massive western technological effort and publlc spending to dilute. l understand Martin Wolf's desire to minimise it in sup-

port of free trade; but free trade's general blessings have always been built on income redistribution as worked out in the interwar period by Eli Heckscher and Bertil Ohlin. It does us and free trade no service to pretend otherwise.

Patrick Minford. Edward Gonner Professor of University of Liverpool, Liverpool L69 7ZA, UK

to manage and maintain

computer software) are

Peter Rowbrey-Evans,

Loudon NW6 1HY, UK

30 Lymington Road,

West Hampstead.

likely to be liable for the

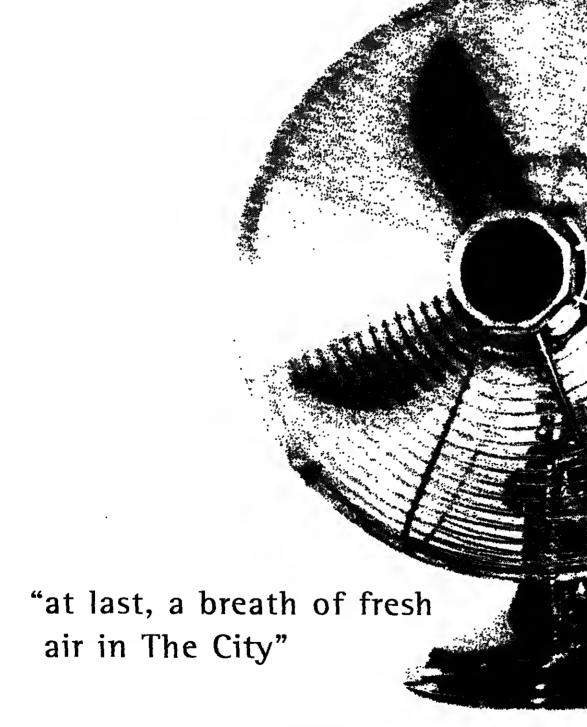
costs of any modifications.

Homosexuals and reality

From Christopher Hodges Sir, Godfrey Bloom ("Homosexuals not to be tolerated in forces", May 10) obviously has little practical experience of the real world . and the place of homosexuality within it. He assumes that all homosexuals conform to an effeminate stereotype be deems "suitable in the theatrical profession or clothes design". The reality is that they do not and are to be found in professions from cabinet minister to sportsman and banker to builder as well as the armed forces. I know because I have met examples of them.

Uncomfortable as it may be for people like Mr Bloom, homosexuality has been, is, and always will be a fact of all walks of life. In short, Mr Bloom, wake up. Unlikely as it may seem from Wressie, Nr. Selby, there's a big wide, complicated world out there.

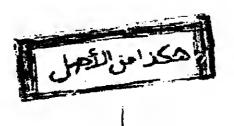
Christopher Hodges, Calle de la Madera 5 4B2 28004 Madrid



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FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Thursday May 15 1997

Nato's deal for Russia

all the buffing and puffing from the Kremlin over the prospect of Nato enlargement, agreement face-saving deal. It means that Mr Boris Yeltsin and his successors will have a voice, but not a veto, on the future of Europe's security arrangements.

That is just as it should be, and a vindication for the tough stance adopted throughout by the US and its Nato allies: that enlargement would be going ahead come what may, but it would be most desirable to do it with Russian acceptance, however grudging. Full details of the agreament have yet to emerge, but it should clear the way for the Nato aummit in Madrid in July to decide who will be first in line to join the

It would be best if that list were kept short; the Czecb republic, Hungary and Poland are the obvious contenders. Romania and Slovenia are outsiders, but neither has an overwhelming case. By sticking to tha three best prepared to assume the obligations, as well as the benefits, of membership. Nato will be giving the clearest possible signal that the door remains open for further expansion in the future. That is essential to keep up the hopes of those still in the Nato waiting- and rapid reaction will ensure room, like the Baltic republics. their future security.

Moscow yesterday, at last. After in an invidious position, surrounded by a Russia they still do not trust, and desperately keen to join the western instituwas reached to give Russia a tions for which they feel a natural affinity. But they are also home to large Russian minorities, and any plan to bring them into Nato at this stage would have been the last straw for Moscow. Instead, they should be enthusiastically involved in all the training and exercises of Nato's Partnership for Peace, with the prospect of future

membership left open. Ukraine is in a similar position, except that it is undecided whether it wants to take the last step, knowing perfectly well that it would destabilise its relations with Russia. Wait-and-see is sensible for Kiev, while it actively promotes tles and exchanges with Nato.

Rnssia seems to bave accepted that the question of troop strengths and deployment on the territory of its former Warsaw Pact allies can be left to separate negotiations on conventional forces. They would set clear ceilings, in line with current military reality. If there are cuts to be made, they will be balanced. As for the central Europeans, they no longer need the concentration of heavy armour they inherited: investment in good communications

Dogfight

law to global markets is fraught with risks of jurisdictional conflict. That is why US and European Union watchdogs agreed closely on cases which transcend their frontiers. However, tensions over the planned Boethreaten to turn that co- arrangements are cancelled. operation into confrontation.

ramine the merger. The two acknowledged as much by notifying it to Brussels. However, reservations about the merger jurisdiction if it blocks the deal, trade war, while US vicepresident Al Gore has warned the EU against intervening.

Tha stage may be set for a taka conflicting views of the and the European Airbus. merger. Such differences have because either sida could make

The application of competition heavy fines as its main sanction. These would be politically inflammatory, and could be hard to collect.

Mr Van Miert has further soma years ago to consult complicated the issue by taking aim at Boeing's exclusive sales contracts with US atrlines. He has indicated that Brussels may ing-McDonnell Douglas merger veto the merger unless the Such a condition implies an The KII says its rules require important extra-territorial it, as well as Washington, to extension of anti-trust jurisdica move of the kind the US companies appear to have EU has been swift to condemn when attempted by the US.

It is still unclear how much of tha transatlantic war of words expressed by Mr Karel Van represents bluster and tactical Miert, Europe's competition manoeuvring. But in the recent commissioner, have brought an climate of mutual hostility and angry US reaction. Boeing has suspicion, there is a serious threatened to contest the EU'a danger that brinkmanship will get out of hand, and that both saying that could unleash a sides will dig into positions from which they find it hard to back down. That risk is made all tha greater by the political commitment on either side of serious transatlantic rift if US the Atlantic to the commercial and EU anti-trust authorities success, respectively, of Boeing

The Boeing-McDonnell merger been manageable until now, calls for cool and impartial scrutiny to ensure tha global market its approval conditional on com- for commercial aircraft remains panies accepting conditions on as free as possible. That objectheir operations in its market. tive is as much in the long-term That option is closed to Brussels interest of Boeing as of Airbus. in this case, because Boeing and It is too important to be jeopard-McDonnell have few assets in ised by squabbling ovar who the EU, leaving the threat of enforces the rules.

Radical start

politics, a fortnight is an eter- the nation is governed. These nity. As Mr Tony Blair pres- measures should be followed ented his programme yesterday with a restoration to local it seemed scarcely credible that authorities of a far greater meait was only two weeks aince sure of autonomy in their finan-Labour's alection victory had cial affairs. ended 18 years of uninterrupted the Queen's Speech one could also spare a blush for those who said not so long ago there was nothing to choose between the two main parties.

It is true there was little unexpected in the list of 26 bills which will occupy parliament for the next 18 months. That is to the good. Mr Blair was elected on a pledge that the oneopposition would be delivered in

So it is reassuring that his prise, and to defer the introduction of a minimum wage pend-Stealing the Conservatives' idea of auctioning off the airwaves was also a shrewd way of signalling that New Labour has structures. indeed abandoned its past

attachment to tribal politics. To say there were few surprises, however, is not to deny a an opposition leader than of a decisive break with the past. prime minister, should be care Proposals to devolve government to Scotland and Wales, to introduce an elected authority for London and to promote will lead a better governregionalism in England hold the ment if he pays heed to his promise of a welcome and radi-

If a week is a long time in cal decentralisation in the way

Incorporation into British law Conservative rule. Glancing at of the European convention on human rights will begin to bring Britain into line with other modern damocracles. It must not, though, be used as an excuse for Mr Blair to renege on his pledge to pass a freedom of information bill.

In the short space of two weeks, the government has thus blended radicalism with realism. The hope is that Mr Cornation politics ha offered in don Brown, the chancellor, will frame his forthcoming Budget in the same spirit.

But amid the euphoria some government is stressing a deter- words of caution are approprimination to lift standards in ate. One of the main lessons of education, to encourage enter- the past 18 years has been the danger of excessive legislation. Too much lawmaking has led to ing propar consultation. too many bad laws. Effective government is as much to do with the delivery of services as with tinkering with legislative

Mr Blair, whose lacklustre performance in yesterday's debate bore more of the mark of ful also not to use his massive Commons majority to railroad through his programme. He

The cloning of US success

Europe's biotechnology industry is starting to catch up with the US, fuelled by easier access to capital, says **Daniel Green**

Europe's biotechnology industry: counting on growth

nian biotechnology multimillionaire. He has three bomes: in Greece, Silicon Valley and the luxury mountain resort of Lake Tahoe.

But for the past few months. the silver-baired 57-year-old has been working in a dingy building in Munich. He is the unpaid chief executive of Innovative Dermal Applications, one of a handful of German biotechnology companies. Mr Arvanitidis is one of many people taking the risk of working in a European start-up medical technology company. From Iceland to Italy, Europe is embracing biotechnology.

According to accountants Ernst & Young, the number of European biotech companies grew 23 per cent between 1995 and 1996 to more than 700. Over the same period, the number of employees in the industry rose 60 per cent to 27.500.

These numbers are small compared with the US, the birthplace of biotecb. The US industry, which began from virtually nothing in the early 1980s, now boasts 1,300 companies - 294 of them quoted - which employ almost 120,000 people. Given such rapid growth in the US, the potential in Europe appears enormous.

The typical biotech company is a start-up that blends entrepreneurial management with risk capital and a scientific advance. usually in biology or chemistry. Its work could involve anything from the development of insulin inhalers, to changing the genes in sheep so that their milk contains drugs, to discovering conventional medicines.

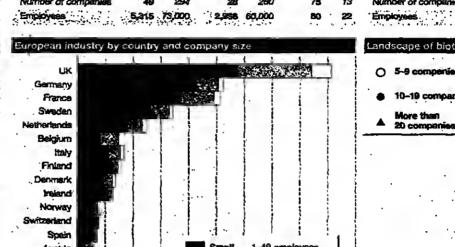
Even in the US, where the industry is well-established, most biotech companies are losing money, It takes about 10 years of research and development before a drug goes on sale, and many never make it. But an increasing number do: US biotech industry sales rose 15 per cent to more than \$11bn last year, according to Ernst & Young. Amgen, the Californian company that is the most successful in blotech, made a net profit of \$180m (£111m) in the first quarter of 1997 alone.

Europe is far behind, but there are signs that its companies are scientists have begun to emulate the commercial nous of their US counterparts.

"Five years ago, making money was anathema to most British university professors," says Mr Paul Haycock, a director of Lonable to say their work was so good that there's a company wrapped around it."

Equally important, more capltal is becoming available to blotach entrepreneurs, thanks largely to stock market reforms. In December 1993, the London Stock Exchange changed its rules to encourage blotech companies to list for example, by relaxing the requirement that a company have a long trading record. Since then, the launch of junior markets in London, Paris and Frankfurt, and the pan-European Easdaq have attracted significant biotech company interest.

There are now about 30 listings on the main London market depending on the precise definition of a biotech company - plus a further 10 on the junior mar-



433 8,040

243 3,760

1,760

297

5.960

3,440

kets, and a balf-dozen spread government-sponsored "crusade for biotechnology" - more about

encouraged venture capitalists to move their money to Europe from the US. Biotechnology Investments, a London. based fund advised by Rothschild Asset Management, has for the first time only a minority of its worldwide investments of more

Stock listings do more than raise money for a company. They allow staff to be paid partly in shares and options. Not only does this help cashflow, but it promlearning rapidly from the US. UK ises riches to scientists and executives. Without a flotation, Mr Arvanitidis of Innovative Dermal Applications really working for nothing.

than \$400m in the US.

between Paris, Copenhagen and

These developments bave

The prospect of riches seems to improve efficiency. The Pharmaceutical Manufacturing Associa- we mustn't let excessive caution don venture capitalists Apax tion, which represents US phar- rob us of opportunities." Partners. "Now they want to be maceuticals companies, says it costs abont \$250m to take a drug from development to regulatory approval; the American Biotechnology Association's figure for its members is \$110m.

There is still a shortage of experienced management in Europe, especially in Germany, which is why Mr Arvanitidis and others have been imported. But the problem is easing. Former directors of British Biotech, the biggest UK company in the sector, have gone on to start new businesses. Sir Brian Richards, the former chairman, now runs Paptide Therapeutles. a Cambridge-based company.

many has earmarked DM150m last year the UK launched a atility of the US sector. In the peans seem happy to allow a make rapid progress.

exhortation than cash. France this year pledged FFrI.5bn

(£150m) to support the industry. The scale of change is most striking in Germany, where biotech companies had faced political neglect and public opposition on ethical and environmental grounds. "For many years our politicians said nothing to encourage us," says Mr Peter Helnrich, chief executive of

Munich's Medigene.

The German government is beginning to take an active interest in the sector. "Not everything that is technically feasible is ethically responsible," Chancellor Helmut Kohl says in an interview Hoechst, the big German chemicals company. "At the same time,

coming late to biotechnology, but when they change, it is a very strong change," says Mr Emile Loria, chief executive of the French biotech company, Biovector Therapeutics.

The reason for the sodden enthusiasm is simple, says Mr Peer Schatz, chief financial officer of Nasdaq-listed Qiagen, Germany's only quoted biotech company. Germany is "losing 15,000 jobs a month and want us to belp employment", he says, though he warns politicians that the induslimited number of jobs.

Upsetting European politicians European governments have is only one of the dangers. Biobegun to encourage biotech. Ger- technology is notoriously risky

share prices have fallen by more than 15 per cent. In the previous two months they rose by almost 10 per cent.

1.721 11.680

1,508 6,520

1,113 3,750

716 1,287

27,500 118,000

1.471 10.160

The volatility is the result of uncertainty. Since most biotech companies make no sales, their value is based on supposed future earnings. Such are the difficulties of forecasting sales of a product that may never even be launched that sentiment towards the sector is affected by the results of the most recent drug trials.

kets starve the blotech sector of cash. in the US. the worst capital ogy magazine published by from 1992 to 1995, leading to a spate of mergers, lay-offs and bankruptcies. Europe has yet to experience that kind of a downturn, says Mr Steven Burrill, a "The German government is Californian biotech financier. When it comes, European companies will have to be revalued by bruised investors.

"What upsets me is the poor quality of European biotechnology analysis," says the senior executive of a large Wall Street securities house. Some London analysts say it is their US rivals who have got it wrong. One London analyst has applied his valuation methods to US biotech companies and found them to be overvalued: in one case he valued a company at \$20 a share when try will only be able to create a the actual price was more than

There are many reasons for these differences of opinion. US investors tend to press companies to get their most promising (£53.50m) for the industry, and familiar with the the extreme vol- product to market, while Euro-

past two months, US biotech company to build up a broad product portfolio. Some analysts believe that the average quality of companies in Europe is higher than in the US.

But Europe still has much to learn from the US. With the partial exception of the UK, scientists established in academia or the private sector are reluctant to risk joining a start-up venture, which forces European companies to look overseas for staff. Conventional career patterns do not include biotech, making recruitment difficult even for

eak stock marmiddle-ranking jobs. Neither has Europe settled the ethical questions surrounding biotechnology. There may yet be a public backlash. Mr Simon Munich's Morphosys, says the recent cloning of Dolly the sheep by Scotland's Roslin Institute damaged the prospects for biotechnology in Germany because it revived debate on the ethics of genetic manipulation.

All of this adds up to a European biotech scene that is very different from the US. Europe is the "wild east", a landscape rich in scientific resources but barely touched.

That is changing fast. The forces that created the US biotech industry are becoming stronger in Europe: the capital is there, scientists are becoming more interested in commerce, managements are gaining experience and governments are more sympathetic.

The possibility still remains that a disaster in a clinical trial in Europe could set the industry back several years. But, barring such catastrophe, Europe's infant biotech sector will continue to

OBSERVER.

Swiss image gets a polish

■ US Senate banking committee chairman Alfonse d'Amato had threatened to cross examine an empty chair at today's bearings into Switzerland's wartime dealings with Nazi Germany. But the Swiss government has just done something very un-Swiss: hired a professional spin-doctor to help it clean up its . I'm Cramer, the eccentric international image, and the chair will be occupied by Switzerland's diplomatic

troubleshooter Thomas Bore. The soin doctor in question is Kathy Bloomgarden, pushy president of New York PR." agency Ruder Finn. She made her mark in Switzerland by helping to transform the image of Dan Vasella, Novartis chief executive, from shy hospital doctor into admired boss.

But the appointment hasn't gone down well with everyone. Bloomgarden's style certainly worked for Vasella but it didn't prevent the career of another high-profile client, former Volvo chief Pahr Gyllenhammar, taking a nosedive his 20 year 1993 after Swedish shareholders was pondering whether it was and the company's top managers time to panic. ran his cherished dream of a merger with Renault off the road. But the biggest gripe in

should be spending more time. reference, in the New York behind the cameras than in front. Times and investors' Business

of them. Bloomgarden's talents may have gone down well with publicity-seeking Borer, but this does not mean she can be assured of a fat long term retainer from the penny pinching Swiss.

Cramer campaign

outsooken hedge fund manager and uniquitous financial columnist, is getting under the skins of executives at media . company Dow Jones in more ways than one Cramer owns a million shares in the company: whose stock has underperformed. the market, and has been lambasting its plans to spend millions of dollars reviving fts alling screen news service, the former Telerate

To add insult to injury, he is now gooding them on the journalistic front. He accurately called the bottom of April's market correction in his internet "that can happen if the consumer financial news service The Street com with the cheeky fustification that Dow Jones's stint in charge at Volvo ended in weekly financial paper Barrous

... Never one to hide his light under a bushel. Cramer last week placed an ad featuring his Switzerland is that Bloomgarden column, including the Barrons

Daily. The Wall Street Journal turned down the ad, and the \$15,000 fee: "Hey, it was a good ad and they need the revenues," observes Cramer.

Still, Cramer has no plans to sell his stock. "It's an interesting situation: the people who run the company want the stock lower because it will shake out people like me," is his analysis.

Bon appetit

■ Observer has seen restaurants charge in mysterious ways, but wasn't previously familiar with the house rules in the Dreher Halaszcsarda in Budapest. After 7pm, you multiply the prices on the menu by 10 Consumer protection

authorities are probing a Dane's complaint that his party of four paid \$6,000 for an admitted joily night out. "These are our nightprices," shrugged manager Imre. Lehoczky. We charge what the market will bear." The worst defenders find there's been something not quite kosher is a less than draconian \$176

The Halaszesarda is not on a list put out by the US embassy in Budapest last week warning about overpricing and ungentiemanly pressure for

and eateries. Wonder what the places on the list charge.

Blue magazine ■ Conflict junkies can overdose on the first global magazine for law enforcers: the International Police Review, for around \$130 a year, depending on which country your blue light flashes in. The first issue interviews former New York police commissioner Bill "zero tolerance" Bratton and has a handy guide to cops' websites. Advertising includes guns, silencers, truncheons, handcuffs

badges and body armour - the VIP Elegance and VIP Elite models are especially fetching and, most tempting of all, an anatomically correct training target" which shows "all major internal organs and skeletal features to enhance recognition of shot placement." About 80 cents each for orders over 2,000, if you must know.

Securely seated

■ Speaking of keeping order. Finland's national arrline Finnair has handcuffs on board so that anyone getting out of order can be cuffed to their seat. The airline says it has used rope until now, but some rowdies got wise and started carrying payment in some Budapest clubs pen-knives to cut it.

Ginancial Times

100 years ago Gold In Georgia

Of the discovery and exploitation of gold fields there is seemingly no end. centre of attraction, and Georgia contains more gold than all Africa put together. In fact it is a little doubtful whether the entire world is in the running. At least, that is the tone of the American papers to hand. But, at any rate, tha Lumpkin district is creating excitement enough, and promises its supporters a run for their money, Mr. Stevenson, ex-vice president, went so far as to express his astonishment at the wealth of the Dahlonga field, and, making due allowance for the exhilarating effect of mountain air, there seems to be something in it:

50 years ago Prices Battle in The U.S.

The battle of prices is developing in the United States, but so far the consuming side have not made great headway, the rather limited cuts in values being made largely at retail level in department stores organisations have gone into the "red" recently as a result of price reductions, falling volume of turnover and rising wage bills.



Budget concerns may spur Telekom sell-off

By Raigh Atkins in Bonn

goods

Mounting budget difficulties have forced the German govfurther stake in Deutsche Telekom, Europe's largest telecommunications group, partially privatised last November.

Mr Theo Waigel, finance minister, yesterday confirmed a sell-off was possible as the federal government coalition parties prepared for crucial meetings tonight and tomorrow over stop-gap measures to ensure Germany fulfilled the criteria laid down in the 1991 Maastricht treaty for the sin-

gle European currency. Tax estimates for this year and 1998, compiled by finance experts from federal and *lönder* governments and due to be published today, are widely expected to point to a DM20bn budget gap compared with earlier forecasts. The opposition Social Democratic party last night suggested the figure could be as high as DM30bn. The feverish activity in raised could be used to retire its 2m s Bonn highlights the lack of debt, reducing interest pay-

room for manoeuvre if Germents and bringing Germany many is to pay the costs of closer to meeting the benchmany is to pay the costs of high unemployment and keep its budget deficit this year ernment to consider the under 3 per cent of gross rushed sale later this year of a domestic product, as prescribed by the treaty.

Mr Waigel said: "There are 4m unemployed whose unemployment money and social benefits must be paid. It does not lie in the power of finance ministers, or any other politician, to change that,

Besides the sale of Deutsche Telekom shares, other emergency measures could include cuts in social and unemployment benefits or an increase in indirect taxes. However Mr Wolfgang Gerhardt, leader of the Free Democratic Party, a junior coalition partner, said tax rises would be "counter productive". Mr Waigel said they would be a last resort.

The sale of the Telekom stake would not help directly with the deficit criteria as Maastricht does not allow the use of privatisation proceeds to offset a deficit. But funds mark on overall debt - which it is set to exceed because of the costs of reunification.

Mr Waigel said the government had no need to maintain a 74 per cent Telekom holding and was eager to keep momentum behind its privatisation programme. Investors' fears about their interests being diluted sent the share price lower, ending down 55 pfennigs at DM39.25.

Plans to sell government shares in Deutsche Telekom would face obstacles. A change in the law would almost certainly be required if the government was to renege on a pledge not to sell shares on the stock market before January 2000. A sale other than via capital markets might be possible. but would require Deutsche

Telekom's agreement.
Mr Ron Sommer, Deutsche Telekom chairman, hinted the group was likely to oppose such a move, saying it would agree only if the interests of its 2m shareholders were not

Gazprom seeks to close stock purchase loophole

By Chrystia Freeland

The Russian natural gas monopoly Gazprom is preparing a crackdown on foreign investors evading a ban oo the purchase of its domestic

"In the near future there will be a test case," said Mr Leonid Griaznov, president of Horiarm. "We know we will not be able to catch everyone, but we will tell people: Do not come

The company's initiative was backed yesterday by Mr Boris Nemtsov, the first deputy prime minister and head of a government board which will oversee the monopoly.

After a meeting with Gaz-prom chairman Mr Rem Viakherev, Mr Nemtsov said the government would seek to close loopholes that have cult for Gazprom to return to monitoring the nationality of allowed foreigners to purchase

domestic stock.

Bt26.30 to the US dollar, com-

pared with Bt25.915 on Tues-

day, and was Bt0.42 below the

floor of the band in which it is

Traders said fears that a

baht devaluation would spill

over into other Asian curren-

cies prompted the interven-

tion. Malaysia's ringgit and

Continued from Page 1

allowed to trade.

they were taking the warnings seriously. At least one investment bank is advising clients to sell their domestic shares, and some of the vehicles used to buy the shares are being quietly wound down.

A two-tier market in Gazfrom shares - with one pool for foreigners and one for Russians - was partly set up for national security reasons. But some outside investors got round the formal restrictions and bought shares in the local market where the price was much lower.

The purchases, which some investors said were tolerated by senior figures in Gazprom management, damaged the price performance of the foreign shares. Initially offered last year at \$15.75 per American Depositary Share (ADS), they now fetch \$16.

This has made It more diffithe market with another share every share buyer. offering. Domestic shares were Some western investors said yesterday trading at 64 cents.

Singapore helps Thais defend baht

Indonesia's ruppiah were

under sustained pressure yes-

Analysts expect the attack

on the currency to continue

for the next few days. Never-

theless, many analysts believe

as long as no serious bout of

domestic capital flight takes

place, speculators will be

unable to force a baht devalua-

There are 10 domestic shares per ADS.

Last month, in a letter to ADS holders. Mr Viakherev promised to defend the twotier system. But foreign investors said the pledge would only have credibility after Gazprom abolished the so-called "grey market" share funds, which company officials admitted continue to flourish.

Mr Griaznov said Gazprom realised it was not possible to shut down all such schemes immediately .

Analysts said many investors were beginning to brace themselves for an attack on the schemes. But other observers pointed

to the personal interest many Gazprom managers are believed to have in increasing the domestic share price - a goal achieved by letting in foreigners - and the difficulty of

For Thailand to lose \$20hn in

foreign exchange reserves, the

level at which Thai officials

privately say they would con-

sider abandoning the dollar

peg, speculators would need to

access 16 per cent of total

deposits in the That banking

system and sell them in the

foreign exchaoge market,

according to a report by the

brokerage Asia Equity.

Nomura scandal

By Gillian Tett in Tokyo

Nomura, Japan's largest securitles company, were arrested yesterday in a growing scandal over the company's recent alleged payments to corporate gangsters.

The arrests occurred after criminal offences.

The political impact of the

Some municipal governments said they would stop nsing Nomura as an under-writer for bond issues. This follows the government'e announcement on Tuesday that the company would no longer be allowed to underwrite Japanese government bonds, or trade them in the primary market, while the criminal case was under way. Nomnra bad previously accounted for an estimated 6 per cent of the market.

excluded from the Y300bo (\$2.5bn) government-hacked bond market.

hlow to the group is expected to come in the next few weeks when the government decides, on the basis of the commission's report, what penalty to impose.

The Tokyo prosecutor's office launched a separate criminal investigation into the affair following the complaint from the commission. This alleges that Nomura established a special account for a property company related to sokatya - corporate extortionthen channelled some Y49.7m of payments through this in 1995. Payments to sokoiya are

The three former executives could face maximum penalties of up to a year in prison or a fine of np to Y1m, while Nomura could face a maximum fine of Y100m. Those under arrest are Mr Shimpel Matsuki and Mr Nobotaka Fujikura, both of whom resigned as directors in March, and former geoeral

manager Mr Osamo Fujita. Nomura's shares fell Y70 yesterday to close at Y1.480.

Former executives arrested in

the Securities and Exchange Survaillance Commission, Japan's financial watchdog, officially accused the execotives and the company of

scandal prompted Mr Ryntaro Hashimoto, the prime minis-ter, to warn that "those involved have to pay a pen-alty". Nomura faces losing business as eeveral government bodies bave cut their ties with the group.

The company was also

The moves are expected to hit profits at Nomura, which is no longer the largest player in the Tokyo stock exchange as private sector clients have defected.

The most severe busicess

ists who threaten to disrupt

FT WEATHER GUIDE

Europe today South-eastern Europe will stay warm, dry and sunny. Tempera will range from 25C to 30C. This LOW warm air will move into central Europe. The Alp countries, Poland and Germany will also have summery conditions with plenty of sun. The northern areas of Poland and Germany will have patchy cloud as will southern Scandinavia. The warm air from the east will meet cooler air over western Europe. At the boundary, cloud and showers will develop in Spain, western France and the south-west area of the Benelux. The UK will have cloudy periods with rain in southern England. In the cooler air, temperatures will be 15C to 20C. Five-day forecast Warm air will move farther into western Europe and it will become more settled. Central and southern Europe will stay settled. France, the UK and the Iberian peninsula will have showers, some

will be thundery. These regions will

We wish you a pleasant flight.

Lufthansa

Lima

London Lux.bourg

sun 41 sun 24 fair 25 fair 27 cloudy 19

abudy 23 sun 29 thund 25 cloudy 27 thund 30

thund 32 tair 19 sun 29 tair 20 Ventos Vienna Warsaw Washington Wellington Winnipeg

fair 23 cloudy 17 fair 27

THE LEX COLUMN

Fencing with foreigners

Gazprom has a problem: it is defending the indefensible. Not very surprisingly, the ringience between the group's internationally-traded and domestic shares has proved rickety. The fence was a brilliant means of flogging shares to international investors at a high price last year while the domestic shares were stuck in the dumps; but it also created a mouth-watering temptation for arbitrageurs. The result? As the gan bas narrowed, the internationally-traded shares have heen one of the Russian market's few

No wonder international investors are spitting. They want the ringience better policed, with some high-profile "grey funds" cracked down npon, pour encourager les autres. Doobtless Gazprom will ohlige. But this strategy makes sense only if the ringience is genninely sustainable in the long run. This must be doubtful: such market-rigging devices rarely hold up for ever, and now international investors have been once burned it will surely be tricky to persuade them to huy more stock until the ringfence goes.

The better solotion, therefore, would be to abolish the ringfence and compensate international investors with a package put to a demonstrably fair shareholder vote. Still, do not count on it. The consequence would be a sharp increase in international investors' boldings - a tricky prospect politically. But only the very brave will be tempted by the existing international shares, still at a 150 per cent premium, in

Junk bonds

Could it be that European investors are finally acquiring an appetite for junk debt? A recent spate of oversubscribed issues in Germany and the UK provides evidence that the market is picking up. The honds' subsequent strong performance can only encourage further investor demand. For small and medium sized companies, this is good news. High yielding debt provides a welcome alternative to equity, as well as providing access to longer term funds, competitive pricing and weaker covenants than m standard loans.

Two other factors should fuel growth: one is corporate restructuring in Europe, which should encourage recourse to junk debt. The other is the likely advent of monetary union: the disappearance 2363.1 (+6.5) Gazprom

of currency and interest rate risk will force investors to take a harder look at credit as a means of enhanc-

ing yield. Still, a dramatic pick-up in the market is unlikely. Many European institutions are prevented from buying junk boods. And British investors in particular still view debt as a source of stability in a portfolio, with equities being the preferred avenue for yield enhancement. Even the brave are faced with a problem: will they be able to assess the risks properly, and are the markets liquid enough for the risks to be managed? Studies in the US suggest that returns outweigh the risk of default. But the nascent etate of the European market means risks are probably higher than in the US. Certainly, there are good reasons why junk will remain a minority taste.

Royal Dutch/Shell

Yesterday's Pirc resolution on Shell's environmental policies may have been beavily trounced, but it is not much of a victory for the company. Once the corporate governance consultants' resolution had become almost a vote of confidence, shareholders were right to back the board. But the question remains: why did the group allow the row to escalate so wildly out of control?

Certainly It has done Shell no good. The dispute has unhelpfully thrust the company back into the eovironmental spotlight. Quite bow Pirc believed this served the interests of Shell shareholders, of course, is not clear. But the board's to unlock value. aggressive posture did not belp. Shell claims to be relaxed about the spirit - if not the precise letter - of

so, it would surely have taken much of the heat out had the board given shareholders an alternative environmentally-friendly counterresolution to vote for.

theil wins ba

wer monitori

Instead the management stuck to a high-handed and questionable position of principle: that share-holders have no right to question the company's environmental commitment, but should just take it on

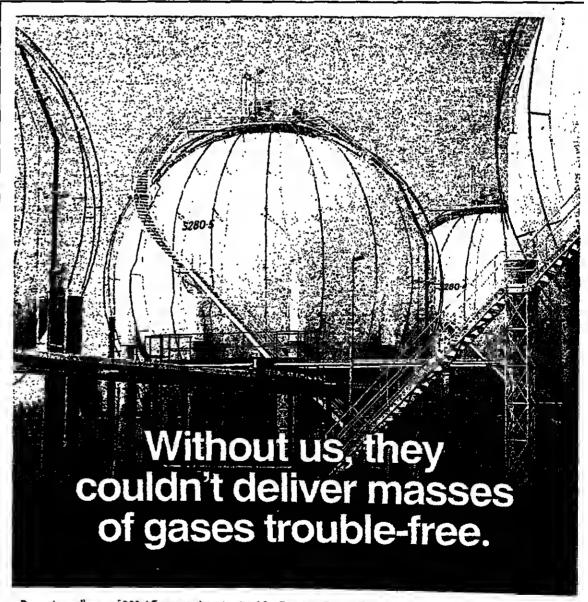
Does any of this really matter? Yes and no. Certainly the spat needs to be kept in proportion; it has done the share price no evident harm. On the other hand, the Brent Spar débacle should not be forgotten. As a business with large retail operations, Sheli cannot afford to gnore - or appear indifferent to public opinion.

Cable and Wireless

It is hard to believe that Mr Dick Brown whirled into Cable and Wireless only 11 months ago. In that time the UK group's new American chief executive has sold off passive investments in Germany. Asia and Sweden and secured a future for Mercury in the UK by splicing it together with three cable companies. Nor has he ignored the operational side; yesterday's results showed big improvements in productivity and cash flow. Nevertheless, Mr Brown will need all his considerable energy to solve the two big questions still facing the group. First, in a world of telecom behemoths. C&W looks both too small and too unfocused, with investments in 70 countries. Part of the solution is to sell off more of the minority interests where it can add little value. But sooner, rather than later, C&W must join one of the three global supercarrier alliances if It wants to access the huge US. German and French markets.

The second issue is the future of Hongkong Telecom, accounting for two-thirds of group earnings. The Chinese almost certainly want to see C&W's 59 per cent stake fall below 50 per cent. The question is bow rapidly that will happen and wbether Mr Brown can, in return, cut a deal opening the door to mainland China. With the shares trading at a 20 per cent discount to analysts' sum-of-the-parts calculations, there is still plenty of opportunity

Additional Lex commen on Safeway, Page 22



Preventing pollution of 200 different products is critical for Gamatex NV, one of Europe's leading chemical, gas and oil storage companies. That's why they've switched to John Crune 2800E seals on pumps transferring gases from nine huge spheres total capacity 22,000 cubic metres - to transport tanks.

To prevent emissions during transfer, previous seals relied on a barrier of liquid glycol. Never wholly effective, the glycol could be sucked away if a vacuum occurred, destroying the seal completely. The John Crane system's nitrogen barrier eliminates pollution, guarantees zero-emission transfer and keeps the gases on tap at Gamatex sale from foreign agents.

John Crane is one of Ti Group's three specialised engineering businesses, the others being Bundy and Dowry. Each one is a technological and market leader in its field. Together, their specialist skills enable TI Group to get the critical answers right for its customers. Worldwide.



WORLD LEADERSHIP IN SPECIALISED ENGINEERING

Lufthansa and United will lead group offering flights to all the world's main cities



FINANCIAL TIMES COMPANIES & MARKETS

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Thursday May 15 1997



IN BRIEF

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over monitoring

NO WISH FOR A WEAR POUND

NO DESIRE FOR A FEDERAL EUROPE

Royal Dutch/Shell, the largest western oil company, foiled an attempt by shareholders to establish external monitoring of the company's environmental and human rights policies. Page 22; Lex, Page 16

EC clears ST/MCI alliance The European Commission granted formal clearance for the \$20bn telecoms merger between British Telecommunications and MCI, the US long-distance carrier. Page 19

Christiania-Storebrand link closer A controversial merger between Christiania, Norway's second-largest bank, and insurer Storebrand appeared closer when their boards agreed final terms. Page 18

Telecom NZ earnings down 18.9% Earnings at Telecom New Zealand dropped 18.9 per cent to NZ\$581.4m (US\$404m) for the year to March 31. Page 20

German banks in merger talks Regional banks Bankgesellschaft Berlin and Norddeutsche Landesbank are to enter merger talks, raising the prospect of consolidation in German banking. Page 18

Westpac first-half profits 12.9% Westpac, one of Australia's four big commercial banks, posted a 12.9 per cent rise in first-half profits to A\$638m (US\$496m). Page 20

Building boom buoys Komatsu The spending boom in east Asian infrastructure helped Komatsu, the world's second largest maker of construction machinery, achieve a higher than expected 27 per cent increase in net profits last year. Page 20

Imperial chief hits at advertising ban Imperial Tobacco attacked the British government's plans for a partial ban on cigarette advertising as the company posted pre-tax profits of £143m (\$232m). Page 24

Companies in	this i	ssue
ABN-Amro	20	intel
Aerospatiale	6	Irish Sugar
Airbus	8	J.Sainsbury
Airtours	22	Jardine Flemings
Alenia	. 6	KirchGroup
Alimea	24	Komatsu
Anglo American	18	Lauritzen
Asia Credit	20	LucasVarity
Asia Securities	20	Lufthansa
Axa	. 6	Lyonnaise des Eaux
BAT	12	MCI
BGB	1a	Marks and Spencer
BHP	26	McDonnell
BT	19	Mol
Bangkok Bank	20	New Africa Invs
Banque Hervet	19	Newcrest Mining
Biovector	18	NordLB
Boeing	8	Novo Nordisk
Bofors	8	Orogen Minerals
	32	Penang Shipbulkling
British Airways CU	22	RTZ-CRA 26
		Rembrandt
Cable and Wireless	16, 17	Rheinmetati
CalEnergy	10	Rolls Royce
Castle Transmission	24	HOYEL DENK OF SCOR
Cernex	24	Royal Dutch/Shell 22,
Centrica	26	Safeway
China Light & Power	a	Sandline Intral
Chiron	21	Snecma
Christiania Bank	18	COCCOI C.COC.
Cyrtx	21	Societies Creation one
Deutsche Telekom	12	SOI MISCHEL
Digital	21	Storebrand
Dillon Read	17	Continuonio (100-
Femsa	24	T&N
Gazprom	18	Telecom New Zealand
Gold Fields	1a	Telmex

Market Statistics http://www.FT.com

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18 Vitro

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FTSE Actuaries share indices 3 Foreign exchange London share service Managed funds service New inti bond issues Recent Issues. UK Short-term int rates World Stock Markets

Chief price	changes	yesterday
RANKFURT (DM)	PARIS Rises	(FFI)

FRANKFURT	(000)		PARIS (FFI)		
Rises			Rises		2.00
Badeneerk	530 +	15	AGF	194.30 · 282.10 ·	10.00
Hochileri	74 +	3,50	BNP	918 ·	12B
Lahmeyer	77 +	2.20	Osmone .		- 39
Falls			UFB LOCO.	301 -	
BHF Bank	42.55 -			351.00 ·	6.00
Henkei	93.90 -	1.80	Cred Nati.	278.20	
Siemens	99.79 -	1,71	Legis		- 0.00
NEW YORK (\$ }		TOKYO (Yes	,	
Rises			Rises .		- 130
Caonac Hides	- 281/2 +				
Converse	17% +		Hettori Sallet		+ 45 + 70
Cox Badlo	23 +	2	Nippon Meat		- 10 - 29
Falle	•		Yornius Land	689 -	- 29
Applied Magni	26%	314	Falls		
Boston Scien	49% -	474	Nomura Sec		- 70
Sports Author	174 -		Toe COID		- 17
LONDON (Po		• • • •	HONG KONG	(HECS)	
Rises			Rises		
Circle Comms	75 . +	7%	Amoy Props	8,45 -	
	137 +	81/2	Ches Heorg	4.50 -	
T&X	140 +		HK Electric	28.20 -	
Mood (J.D.)	140 T		Sime Dar HK	8.95 -	
rails .	240% -	28	Wheelock	18.50 -	- 0.50
Cortecs	160 -	AD14	Falls		
Detrontach	17% -		Shew Bros	8.00 ·	- 0.10
On Depoend		٧	BANCKOK (أاشدا	
TORONTO (C	34		Rises	-	
Nises		40.40		13.75 +	1.25
Drecto Engy	63,40 +	10,40		19.25	1.75
EN Eco Logic		0.85		22.00	- 200
Neti Sea Prd	8.90 +	1.15	Smo-Thei Eng	38.50	
Falls.		0.70	Fella		
Beacon Eye	3.15 -		Marting Martings	63.00 -	- 7.90

Five airlines launch global alliance

Five airlines, led by Lufthansa of Germany and United Air-lines of the US, yesterday for-mally launched one of the groupings, capable of offering

By Michael Skapinker

earth_

The airlines - Lufthanas, United, Scandinavian Airlines

flights to every large city on

the Star Alliance.

The airlines said they would retain their individual brands everything from "aircraft to and identities, but would pool toilet paper". world's most powerful aviation thair frequent-flyer programmes and sbare some booking and airport facilities. They will share a ticket office in London.

clients which arranged all revenue sharing and joint pur-Varig Brazilian Airlines and European Commission bad their flights through the chasing. Mr Jurgen Webber, already due to join in October. already given approval to group, which will be known as Lufthansa's chairman, said the airlines could use their joint buying power to purchase

> The new alliance, which bas been widely expected for some time, will have revenues of \$42.3bn and 211,000 employees.

The airlines will not take The airlines said they were any equity stakes in one Systems, Air Canada and Thai looking at ways of taking their another. The five carriers said Airways - said discounts alliance further and were they would invite other air ties from either Washington or authorities in the US, UK or

South African Airways is also considered a candidate.

Mr Gerald Greenwald, Unitlines were talking to British Midland about joining, although Sir Michael Bishop. the UK carrier's chairman, has said his company has no plans

to do so.

would be offered to corporate examining tha possibility of lines to join the alliance, with Brussels, given that the US Europe.

bilateral deals between the carriers.

Although the five airlines ed's chairman, said the air- bave been co-operating for some time, the launch of their multilateral alliance poses a significant competitive challenge to the proposed link-up between British Airways and Amarican Airlines. The BA-The airlines said they did American alliance has yet to most countries which prevent not expect regulatory difficul- win regulatory approval from national carriers from merging

Delta Air Lines of the US already has alliances with Swissair, Sabena of Belgium, Austrian Airlines and Singapore Airlines.

Such arrangements permit airlines to transfer pas between partners and help to ward off competition from lowalso provide airlines with a way around regulations in with or being taken over by foreign companies.

C&W profits rise on HKT performance

By Alan Cane in London

Pre-tax profits at Cable and Wireless, the UK's second largest telecommunications group, rose 12 per cent to £1.42bn (\$2.3bn) last year, encouraged Hongkong Telecom and an Mercury, the UK operator. The shares, however, fell 14p rapidly,

to close at 4981, on market disappointment that the company would not comment on the future of Hongkong Telecom, in which it has a 59 per cent stake, or on possible alliances with other operators.

Turnover, including contributions from associate companies for the year to March 31. was 13 per ceut ahead at £7bn. The figures include a £93m charge for full-year losses at

Vebacom, the German group sold by C&W in March, and a £42m increase in losses snshas a 50 per cent stake.

final dividend will he 7.7p,

making s total for the year of 11.1p, up 11 per cent. Mr Richard Brown, C&W chief executive, said yesterday that his objective was to find balanced global growth" through the organisation. Hongkong Telecom provides 65 per cent of C&W's profits. Mr Brown refused to comment on rumours that the Chinese gov-

ernment was anxious to

acquire a majority stake in the

Hong Kong operator. He said be believed HKT would continue to perform well.

He is keen to see other parts of C&W's worldwide operations - such as Cable and Wireless Communications, the by a strong performance from UK subsidiary created this year from Mercury Communiimpressive improvement at cations and three cable televislon operators - grow more

In its last year before the CWC merger, Mercury reversed the decline of earlier years. Turnover grew 2 per cent to £1.69bn but operating profits increased 26 per cent to £292m, while the operating margin was 17 per cent compared with 12 per cent in 1995.

The number of customers it connected directly to its network grew 18 per cent while business volume grew 15 per cent to 15.9bn.

A marketing campaign to establish Cable and Wireless tained by One-2-One, the UK Communications as the national brand is planned this year while work is pro-Earnings per share rose 15 ceeding to merge the compaper cent to 30.3p (27.5p). The ny's computer and billing He refused to be drawn on

whether C&W would join a telecoms alliance such as Global One, owned by Deutsche Telekom, France Télécom and Sprint of the US. He said a suitable partner would have to hring substantial traffic to C&W's network as part of its contribution to such an



Japanese digital TV deal: Rupert Murdoch, News Corp chairman, welcomes the participation of (left to right) Hisashi Hieda, Fuji TV president, Masayoshi Son, Softbank president, and Nobuyuki Idei, Sony president, as equal partners in the satellite broadcasting venture JSkyB, which plans to offer 150 channels to Japanese viewers. Report, Page 20

ING pulls out of US bank talks

By Gordon Cramb in Amsterdam and Tracy

ING, the Dutch financial group, yesterday pulled out of talks to acquire a majority stake in Dillon Read, the Wall Street investment bank, saying they had not been able to agree on price or the degree of

integration. The outcome is a setback to ING's plans to expand its North American presence in corporate and investment banking. This was being Barings, as the new division is planned as part of a worldwide called, already has some 1,200 integration of its activities staff in the US. Mr Ruud Polet, Lex, Page 16 | with those of Barings of the an ING official, added: "We

based banking and insurance we will look around." A 25 per cent stake in Dillon

40 per cent inherited by ING when it took over Barings, is now expected to revert to the partners, who have an option to buy back the 25 per cent stake at a fixed price by July 1. The Dutch group said It

remained "committed to building further its corporate and investment banking business" in the US and elsewhere. ING

combine rescued in 1995. But he insisted the group that could lead either to a was in no burry to secure an takeover or to a return to inde-Read, already diluted from the acquisition, and described as pendence for Dillon Read, speculation recent reports linking its name to that of Lebman Brothers, another prestige New York stockbroking Polet said at the time: "For

Mr Polet said the Dillon Read partners "were not only asking too high a price, but hinted at a preference for taking too separate a position within our new organisational structure". He declined to specify at what price they would have to buy back the bolding.

The two sides confirmed at exercise its option."

UK, which the Amsterdam- will build this up and, besides, the beginning of the month that they were in negotiations cession of ownership changes over the past 15 years. Mr both parties, it would be best

to stay together. Dillon Read bad previously regaining its independence. Earlier this month, a spokes man said: "Dillon Read keeps receiving proposals from ING based on ING's apparent desire that Dillon Read should not

Société Générale aims to rival fund market leaders

By William Lewis in London

Société Générale, the French bank, yesterday launched an ambitious effort to become a big player in the multibillionpound UK institutional investment market.

It has appointed Mr John Richards, formerly a senior fund manager at Mercury Asset Management (MAM), the UK'a leading fund manager group, and Ms Nicola Horlick, formerly star fund manager at Deutsche Morgan Grenfell, to spearbead its efforts. They are to be co-managing directors of its new UK fund management subsidiary.

Ms Horlick was expected last night to sign her contract with

tional investment market to in touch in the next few rival MAM and Schroders, the months," Mr Patrick Pagni, UK's second largest player.

Following approval from said yesterday. Imro, the fund management regulator, SocGen intends over the next few months to recruit a large team of young fund managers to help build from scratch its institutional investment business in the City. SocGen refused to disclose

the amount it is to invest in the operation or tha salaries it is paying to Mr Richards and Ms Horlick

"We want to be a central player in the UK market and have decided to hire the best people possible," said Mr Philippe Collas, who will be chair-SocGen Asset Management.

"If you are a 30-year-old The bank wants to become a fund manager you could place while she was still at leading force in the UK institu- expect Société Générale to be MGAM.

the bank's UK chief executive, The move by SocGen follows an 18-month study by the bank

into the UK institutional investment market. Mr Richards and Ms Horlick,

both 36, are to be joint managing directors of SGAM. Mr Richards resigned earlier

this week from MAM where be institutions and chairman of the institutional asset allocation committee. Ms Horlick resigned in Janu-

ary from Morgan Grenfell Asset Management and is one man and chief executive of fund managers. SocGen disclosed yesterday that talks with Ms Horlick had taken

Germany leads in buyouts

By Graham Bowley in Frankfurt

Intense restructuring in German industry meant the for the first time. country's management buyout gest in continental Europe for pared with \$8.9bn in 1995. the first time, according to figures out tomorrow.

as companies have coma under intense pressure to restructure and depressed conditions in

Europe, a private equity spenumber of core activities. cialist, and the University of increased to \$1.8bn last year, evidence of Germany's grow- able from: +441737769080.

1995 leval and surpassed financial practices. France - usually the most active continental market -

In the UK, the market was market last year was the big- worth \$12.6bn in 1996, com-

The German MBO market has grown only slowly, disap-They underscore the chang- pointing many who thought it ing face of German industry, could expand more quickly to one of Europe's largest. But it has been given fresh

from international competition impetus by the increased willingness of large German companies to sell off subsidiaries house, the survey found. According to Initiative and concentrate on a small

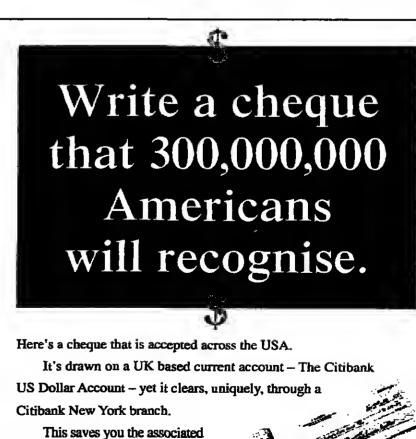
Although the German mar-

This was more than double the ing acceptance of Anglo-Saxon "Now things seem to be

finally taking off. New players - mainly UK equity houses are flooding into Germany. There are oot enough qualified equity managers. There is a lot of poaching going on," said Ms Antonia Millen, managing director of Initiative Europe.

The German market is dominated by foreign, mainly UK, equity houses. Of the 13 large deals last year, only one was managed by a German equity

Europe Buyout Review, Initiative Europe and the Centre for Management Buyout Nottingham, the value of Ger- ket still lags a long way behind Research, University of Nottingman management buyouts the UK and US, the figures are ham, price 2695 (\$1,125). Avail-



charges of cheques clearing through the UK and you earn interest on your credit balances.

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COMPANIES AND FINANCE: EUROPE

Christiania-Storebrand link closer

in Copenhagen

A controversial merger between Christiania, Norway's second-largest bank, of about NKr240hn (\$34.18m), and insurer Storebrand putting it in the same league appeared closer yesterday as Den norske Bank, the when their boards agreed final terms.

But Storebrand's largest if it succeeds in its bid to shareholder continues to gain control of BNbank. oppose the link-up and the terms remain the subject of legal argument.

entering into a more detailed Rgi's biggest sharebolder, dialogue with our sharehold. Mr Kjell lngs Rokke, ers concerning the agreed Norway's leading sntrepreproposal in time for the neur. Mr Rokke and Aker extraordinary general meet- RGI together control about

If Danyard, owned by the

Lauritzen shipping and ship-

building group, sinks, Den-

mark will have only one

large yard – A. P. Moller-Maersk group's Odense Steel

Danyard's future depends on a deal by which Penang

Shipbuilding & Construc-

tion, controlled by Malay-

sian entrepreneur Mr Amin Shah, would scquire a 48 per

cent stake for \$100m, with an option to buy up to 67 per

The final agreement with

PSC was signed in March.

but completion depends on

approval from the Malaysian

government, which is not

expected for two or three

However, even Mr Amin

Shah's investment will not

save the loss-making Dan-

yard unless it can win new orders within the next few

months. By the end of this

year the work will begin to

dry up as the yard nears

completion on seven chemi-

cal tankers for Stolt-Nielsen,

the Norwegian-American

Net Sales/Income from operations

Gross profit after interest but

before depreciation & taxation

Profit after prior period adjustments

Reserves (excluding revaluation reserves)

2. Dividend recommended 100%

Paid up equity share capital

Earnings per share (Rs./US\$)

Cash Earnings per share (Rs/USS)

Other income

Total expenditure

Profit before tax

Provision for taxation

MUMBAI, INDIA

DATE: 14th May, 1997

Shipvard.

ing of shareholders on June 16 per cent of Storebrand. 25." said Mr Jon Gundersen, Storebrand chairman.

The merger would establish a group with total assets country's biggest – although DnB will remain clear leader

But the Christiania-Storebrand merger is opposed by Aker RGI, the industrial and We now look forward to fisheries group, and Aker

a result of delays and unsa-

tisfactory quality on the first

of the chemical carriers, the

yard made a loss of DKr490m

in 1995 and DKr1bn in 1996.

Lauritzen Holding made a

provision of DKr400m against these and any fur-

ther losses, which are plac-

ing a strain on the holding

has been balved from DKr3.8bn to DKr1.9bn over

The group's equity capital

company's own finances.

to the black in 1996,

Mr Rokke has not publicly bolders. explained his objections to believed to consider Store-

state influence. If the merger goes ahead, the state, which is currently the biggest sharebolder in Christiania, will have a 25 per cent stake in the new company.

Moreover, Mr Jens Stoltenberg, the finance minister. has applied to parliament for funds to raise the state's stake in the new company, probably to just over onethird. This would give the government a veto over deci-

sions taken by the sbare- rebrand argues that Aker Mr Rokke appears to be ings should be regarded as a the merger, but be is seeking the support of single stake. A ruling on this another shareholder, the claim by the Securities and

brand should remain free of industrial group Orkla, in opposing the merger. Mr Jens Heyerdal, Orkla chief executive, has supported Mr Rokke on other occasions. But Orkla has so far not given an opinion.

With or without Orkla's support, Mr Rokke's chances of stopping the merger have been reduced by a ruling by Storebrand's board. Under the Storebrand statutes. a single sbarebolder cannot vote for more than 10 per cent of the share capital. Sto-

RGI and Mr Rokke's bold-Exchange Commission is awaited.

Aker RGI, meanwhile, dispntes the value placed by Storebrand on preference shares in Storebrand, which were issued in 1993 to refinance the insurer after it collapsed during the Nordic banking crisis.

The Securities and **Exchange Commission has** given an opinion in favour of Storebrand, but the issue may finally have to be settled through the courts.

Regional banks Bank-

The two banks said yester-

A merged entity could be placed under the bolding company structure of BGB, which already wholly owns, or has majority stakes in, three Berlin banks. NordLB's investment banking and corporate customer businesses, as well as its foreign activities, would be transferred to BGB.

BGB and NordLB have been already established

NordLB also holds a 15 per cent direct equity stake in BGB, as well as a 2.5 per

worked out, BGB said. states of

Hilary Barnes hold stakes of 16.66 per cent in NordLB.

NordLB and BGB in merger talks

By Frederick Stüdemann

gesellschaft Berlin (BGB) and Norddeutschs Landesbank are to enter merger talks, raising the prospect of long-awaited consolidation in German banking.

If successful, the merger would create one of Germany's largest banking groups with combined balance sheet assets of more than DM550bn (\$324m).

day a consultative committee of managers and politicians had recommended that merger talks proceed. The aim is to complete the talks by the end of this year and for the new group to be operational by mid-1998.

joint mortgage banking operations, a common dataprocessing subsidiary and a consultancy business advising the public sector on project finance and privatisation.

cent indirect stake. The possible cost savings from a merger had yet to be

The ownership of a margsd banking group would reflect the current mix of public and private shareboldars. Tha city of Berlin owns 56.8 per cent of BGB, while the state of Lower Saxony owns 40 per cent of NordLB. The east Mecklenburg-Vorpommern and Saxony-Anhalt each **EUROPEAN NEWS DIGEST**

New members to join Neuer Markt

Germany's new share market for small, fast-growing companies unveiled three potential new members yesterday. LHS Group, the software company, and Losch, which specialises in waste recycling, will become only the third and fourth members of the Frankfurt exchange called the Neuer Markt - since it was founded in March. Separately, DG Bank announced it would be launching SER Systems, a high-tech company, on to the Neuer Markt on July 16 in a DM1.9m (\$1.12m) share offering.

Deutsche Börse, which runs the exchange, said a further five companies would launch new issues by the end of September. An official said the exchange would have 15 company listings by the end of the year and was considering an index of these shares when this target was

LHS will list from May 21 after a public offering of shares in the US, where it will have a parallel listing on Nasdaq. Goldman Sachs will launch the offering and will act as market-maker along with BHF Bank. Lösch, which has been listed on another Frankfurt market since October 1996, will relist on the Neuer Markt next month. It is being led by Dresdner Bank. Dresdner and Flemings

will act as market-makers for the company's shares. The moves follow the launch of MobilCom, a mobile telephone network, which became the first company to secure a new issue on the Neuer Markt in March. Bertrandt, the car design company, relisted its shares on the Neuer Markt in March. Graham Bouley, Frankfurt

Lower tariffs hit lberdrola

Iberdrola, Spain's largest electricity company after the state-controlled Endesa group, reported net profits down 5.3 per cent to Pta32.1bn (\$324m) in the first quarter. The fall, in line with forecasts, was blamed on a 3 per cent cut in electricity tariffs and unusually warm weather. The results were also hit by higher provisioning charges and a

drop in hydraulic power production. Tom Burns, Madrid Expanding Sol Meliá up 41%

als Columbian uni

Sol Melia, the fast-growing Spanish hotel group that listed in Madrid last summer, lifted first-quarter net profit 41 per cent to Ptal 2bn (\$8.4m). Revenues were 14.9 per cent higher at Ptal 2bn. The net profit was helped by lower tax rates, higher occupancy and the addition of 11 new hotels during the quarter, bringing the total to 212 in 23 countries. Sol Melia's initial public offering in July, which put 40 per cent of the family-owned business on the market, raised \$275m and the shares have since surged more than 100 per cent.

Novo Nordisk sales ahead 7%

Novo Nordisk, the Danish pharmaceuticals and industrial enzymes group, shrugged off "an unsatisfactory decline of 6 per cent" in first-quarter sales of its core insulin and diabetes care products in the important US market, as group first-quarter sales rose 7 per cent to DKr3.66bn (\$568m). Operating profits were ahead B per cent at DKr552m. Net financial income, bowever, slipped from DKr47m last time to DKr8m, with pre-tax earnings rising only 1 per cent from DKr557m to DKr560m. Earnings per share edged ahead from DKr5.28 to DKr5.30.

The result was in line with market expectations, but

Novo Nordisk shares firmed yesterday.

Hilary Barnes, Copenhagen

Malaysian throws Danyard a lifeline Malaysian compa- be enough, given that chemi-A acquiring European ny's enthusiasm for cal tankers - and, to a lesser extent, an order for two Seaknow-bow may save one of jet fast ferries for a Danish Europe's largest shipyards. Owner - was what drove Danyard, in north-east Danyard ashore in the first Jutland, with 2,200 employ-The contract price for the ees, is in danger of going the cbsmical carrisrs was DKr3.2bn (\$486m). Largely as way of four other large Danish shipyards.

J. Lauritzen Shipping has returned to the black after sustaining heavy losses

poor management and plan- vessels - the first batch of a the Lauritzen group, which

the past three years. In this time, both the shipyard and ning," he says. However, Mr Ostergaard the J. Lauritzen Shipping Company, one of the largest operators of reefers (refrigerated cargo vessels), have sustained substantial losses, although the latter returned The chemical carriers are advanced, stainless steel

constructions. The yard underestimated the complexities of working with stainis the construction of large less steel, in what was a merchant vessels, but it also departure for Danyard, admits Mr Bent Ostergaard, chief executive of Lauritzen

Saluting 50 years of freedom with

yet another spirited performance.

Bajaj Auto races ahead on the road to success, despite a difficult second half

for the industry, recording further growth in production, turnover and profit

for the year ended 31st March, 1997.

Audited Financial Results for the year ended 31st March, 1997.

Year ended

^21,93sC6

1,382.4

29_320.4

6.688_3

4.181.2

61.63

3. The total two and three wheeler production and sale during the year ended March 31, 1997 was 1,439,174 and 1,422,849 respectively. The corresponding figures for the year ended March 31, 1996 were Rs. 1,302,031 and

4. The total exports of the Company for the year were Rs. 1582.0 million against Rs. 1896.5 million for the previous year

5. In view of there being no new lease transactions, the Provision for Taxation for the year is much higher.

Production up by 10.5 %
 Turnover up by 17.8%
 Gross profit up by 18.9%

NOTE: 1. The above results have been taken on record in a meeting of Board of Directors held on Wedn

The conversion rate for currency has been taken as US\$1 = Rs. 35.91

March 31, 1996

(Rs. in millions)

Year ended

32,441.2

2,099.8

34,541.0

26.513.5

7,949,4

1,178.7

6,770.7

2,365.0

4,405.7

4,399.6

795.9

55.28

78.08

BY ORDER OF THE BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

FOR BAJAJ AUTO LIMITED

RAHUL BAJAJ

Protibha/Mum/97-136

16.811.1

73.1

March 31, 1997

(Rs. in millions)

Holding. "The problems were a

believes that the yard has now learned its lesson, and negotiations are under way with Stolt Parcel Tankers for an order for two more chemifor another two. Mr Amin Shah is represented in the negotiations for the orders. Danvard's main husiness

has a naval division. A further twist to the Malaysian link is Danyard's participation in a consortium bidding for an order combination of over-optimis- from the Malaysian govern-

planned total of 27 Even if the Malaysian government chooses another yard, Mr Ostergaard is confi-

dent of Mr Amin Shah's con-

LAURITZEN REEFERS

tinued support. "Amin Shah is interested cal carriers, with an option in the know-bow in both the naval and the commercial divisions. Danyard has shipbuilding know-how in which be will still be interested." be says, "Danyard is an organisation with a long history of bow to build ships, and this knowledge is impor-

Meanwhile, Mr Ostergaard Even new orders will not tic cost calculations and ment for six ocean patrol is reasonably confident that

Year ended

903,403

58,474

96L877

738.471

221_370

32.824

188.546

65.859

122,687

122.517

22.164

468,145

1.539

1.952

2.036

March 31, 1997

(US\$ in millions)

tant if you are to build new

ships and have never done it

has incurred an accumulated

loss of DKr1.8bn since 1992,

when it last made a profit,

He expects the J. Laur-

itzen Shipping Company, as

well as the DFDS-Scandina-

vian Seaways group (in

which Lauritzen is majority

shareholder), to perform "reasonably well" in 1997,

while the group's two manu-

facturing units, Aalborg

Boilers (marine and other

boilers) and Sabroe (indus-

trial and maritime refrigera-

tion equipment) are also

expecting to increase profits

faces a better future.

N.V. Koninklijke Nederlandsche Petroleum Maatschappij

(Royal Dutch Petroleum Company)

Established at The Hague, The Netherlands

Final dividend 1996

The General Meeting of Shareholders of Royal Dutch Petroleum Company held on 14th May, 1997, has decided to declare the final dividend for 1996 at N.fl. 6.25 on each of the ordinary shares with a par value of N.fl. 5. The total dividend for 1996. including the interim dividend of N.fl. 4.30 already made payable in September 1996, will thus amount to N.fl. 10.55 per share.

For holders of bearer certificates with coupons this final dividend will be payable against surrender of coupon No. 214 on or after 27th Max. 1997, at the offices of:

Barclays Bank PLC, Barclays Global Securities Services, 8 Angel Court, Throgmorton Street, London EC2R 7HT on business days between the hours of 9.30 a.m. and 2 b.m.

Payment will be made in sterling at the buying rate of exchange current in London at 2 p.m. on 22nd May, 1997, in the case of coupons presented on or before that date, or on the day of presentation in the case of coupons presented subsequently. Coupons must be accompanied by a presentation form, copies of which can be obtained from Barclays Bank PLC.

For holders of shares of which the dividend sheets were at the close of business on 14th May, 1997, in the custody of a Depositary admitted by the Centrum voor Fondsenadministratie B.V., Amsterdam, this final dividend will be paid to such Depositary on 26th May. 1997. Such payment will be effected through Barclays Bank PLC, after receipt by them of a duly completed CF Dividend Claim Form.

Where under the double taxation agreement between the United Kingdom and the Netherlands, 15 per cent Netherlands dividend tax has been withheld, the 15 per cent Netherlands tax is allowable for a resident of the United Kingdom as a credit against the United Kingdom income tax payable in respect of the dividend. The deduction of United Kingdom Income tax at the reduced rate of 5 per cent instead of at the normal rate of 20 per cent recognises a provisional allowance of credit for the Netherlands dividend witholding tax of 15 per cent. Under a provision of the Netherlands dividend tax act Royal Dutch Petroleum Company will apply a credit against the amount of the dividend tax withheld before remittance to the Netherlands tax authorities. This credit is 2.5% of the part of the gross dividend from which dividend tax is withheld. Tax authorities in the United Kingdom may take the view, because of this credit, that the Netherlands withholding tax eligible for credit by a shareholder against such shareholder's local tax liability should be

Where appropriate, the usual affidavit certifying non-residence in the United Kingdom will also be required if payment is to be made without deduction of United Kingdom income tax at the normal rate.

THE BOARD OF MANAGEMENT

US\$360.000.000 Telekom Malaysia Berhad 4 per cent Convertible Bonds due 2004 e "Company" and the "Bonds" respectively)

Notice of Bonus Issue and Conversion Price Adjusts NOTICE IS HEREBY GIVEN to the holders of the out Malaysia Berhad (the "Company") that there will be a Bonus issue of 1,019,196,154 New Ordinary Shares of RM 1,00 each on the basis of one New ary Share for every two existing Ordinary Shares held pur any's shareholders' approval obtained at the Shareholde

in accordance with the Terms and Conditions of the Bonds, the Period during which the Company shall close its shareholders' register to determine than the Company and the Bonds Research with the Confidence of the Condition of t eholders' entitiements to time bother was to participate in the Borus Issu me, 1997, Bondholders wishing to participate in the Borus Issu vert their Bonds by 5:00 p.m. on 6 June, 1997 (Malaystan time). T imely processing of the conversion, Bondholders must submit, for timely processing of the conversion. Bondholders muthan the close of business (local time) at the office of the Conversion. unan the close of business (local time) at the omice of the Co on 5 June, 1997, the properly completed Conversion Not any payable amount pursuant to Condition 6(b)(i) of the Ter

As a result of this Borrus lesue the Conversion Price will be adjusted from RM 23.40 to RM15.60 effective from the close of business on 11 June, 1997. Telekom Malaysia Berhad

May 15, 1997

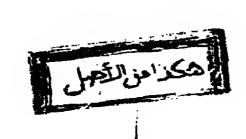
by: Citibank, N.A., Principal Conversion Agent



ver of Hong Kong to Chine will be one of the most clo iched world events of 1997. This survey will examine how Hong Hong will emback upon its new future, how China will handle the challes taking responsibility for 6 million capitalist citizens, and how it marks

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EUROPEAN NEWS DIGEST

Kirch, Canal Plus in Telepiú talks

KirchGroup, the German media company, and Canal Plus,

of France, yesterday acknowledged they were in talks about the possible sale of a stake held by Kirch in the lizhan pay-TV network Telepiù. However, they denied reports that they were close to an agreement. "We have never mada a secret of the fact that we are in regular contact with Canal Plus," Kirch said. As both companies are shareholders in loss-making Telepiú it was natural that they should talk, the German group added. A deal on Telepiú, in which Kirch and Canal Plus each hold 45 per cent stakes, would suit both companies. Canal Plus, which has pay-TV interests in France and Spain, has openly expressed its ambition of taking a more commanding position in Telepiú. Kirch, meanwhile, is struggling with the high costs of DF-1, its German digital pay-TV network, and would probably welcome any income from a sale of its stake. Fininvest, the holding company of Mr Silvio Berlusconi, the former Italian prime minister, which holds the remaining 10 per cent in Telepiú, yesterday denied reports that it, too, was

Banque Hervet advances

considering pulling out of the Italian network.

Banque Hervet, the French bank, yesterday unveiled net profits up 23 per cent to FFr22m (\$3.84m) for the first quarter of 1997, the last results ahead of its planned privatisation by public offer. Profits were boosted by an increase in commissions of 2 per cent and of non-interest bearing deposits by nearly 6 per cent, while the bank's intermediation margins remained unchanged.

Frederick Stildemann, Berlin

Mr Patrick Carell, chairman, indicated that if the economic situation remained unchanged, the bank should be able to report profits for 1997 above those of 1996. The hank is continuing to move towards privatisation in spite of the uncertainty caused by France's general election Andrew Jack, Paris

Anglo in Colombian mine buy

Anglo American Corporation, South Africa's biggest group, is moving into international coal production by taking a 50 per cent stake in a mine in northern Colombia. Two members of the Anglo "family" - Anglo American Coal Corporation, which operates in South Africa, and Minorco, the group's offshore operating company - will each spend \$145m to buy the stake and expand the mine.

It is estimated this expansion will take five years and cost \$540m, because it will include new rail and port infrastructure. The Anglo companies are buying their interest from Glencore, the Switzerland-based international trading group. Glencore will retain the other half of Cerrejon Centrale, which operates an open-cast coal mine 800km north of Bogotá. Kenneth Gooding, Mining Correspondent

Scramble for Mol shares

Fists flew in a Budapest shopping mall early yesterday as retail investors scrambled to be first in line for shares Mol, the Hungarian oil and gas company, on the last day of a \$65m secondary domestic offer. Police were called to break up a fight as some 60 small investors who had queued all night outside a branch of the issuer. Creditanstalt Bank, reacted angrily when they discovered a group already inside when the bank opened for business. The incident illustrated the heavy demand for the issue of nearly 4m shares, or 4 per cent of Mol. It was available to domestic investors at Ft 2,970 (\$16.25) a share. Two per cent of the shares were allocated to retail investors who, as an inducement to purchase, had only to: stump up a 30 per cent downpayment with 12 months credit to pay off the remainder. Kester Eddy. Budapest

Brussels clears

BT-MCI merger

By Emma Tucker in Brussels

The European Commission yesterday formally cleared the \$20bn merger between British Telecommunications and MCI, the US long-distance carrier.

Mr Karel Van Miert, the competition commissioner. imposed only two substan tial conditions on the deal. which creates the world's second-largest telecommunications group with annual

tions Commission and the Justice Department, which are not expected to give their verdicts until the autumn. The deal faces opposition from rival telecoms company AT&T, which has argued its customers in the UK bave to dial a prefix code to gain access to its own network.

In bis verdict, Mr Van Miert did not address this, focusing instead on BT-MCTs dominance in transatlantic telephone calls, as well as its leading position in the UK telephone conferencing market:

He concluded that the merger as originally proposed would have given the new company, known as Concert, a dominant position in the market for dle of natural viruses, but UK-US calls. However, he said he was satisfied by their commitment to give rival operators fair access to their submarine cables. BT and MCI own 30-40 per cent of transatlantic lines.

Soundings taken from competitors and customers during the Commission's investigation suggested satellite did not yet provide a satisfactory substitute for cable in the supply of international voice telephons services.

The Commission also told MCI to sell its telephone conferencing business in the UK, worried that BT and MCI own 80 per cent of the UK market.

"Despite the relatively low investments necessary to set up an audio-conferer ing husiness, entry into this market on a sufficiently large scale might prove difficult," it said.

Ramaphosa poised to head GFSA

By Mark Ashurst in Johannesburg

New Africa Investments. South Africa's biggest blackcontrolled company, is poised to acquire joint control of Gold Fields of South Africa, which will increase the influence of black business groups in the white-

owned mining industry. The deal could install Mr Cyril Ramaphosa, a past president of the National Union of Mineworkers and ber, was dashed when New

Congress, at the head of the ing Group. country's fourth-largest mining group.

COMPANIES AND FINANCE: EUROPE

politics in May last year to join New Africa, has made it GFSA Holdings, Gold Fields' known that his greatest parent, will today advise ambition in business is to shareholders that they have reform the mining industry. entered talks that could give But bis initial plan to acquire Anglo American's Fields. controlling stake in JCI, the mining group sold to black business groups in Novem-

New Africa, Gold Fields

and Rembrandt, the indus-Mr Ramaphosa, who quit trial holding group that owns about 40 per cent of New Africa a stake in Gold

Mr Jonty Sandler, New Africa chief executive, said the company hoped to take control of Asteroid, an former secretary-general of Africa was outbid by a rival unlisted holding company

cent of GFSA Holdings.

The deal, valued at about prices, would make Rem- over from Anglo. brandt and New Africa joint controlling shareholders in GFSA Holdings.

Asteroid is jointly owned both hold significant minority stakes. But Asteroid is understood to be in effect controlled by its manage-

the ruling African National offer from the African Min- which owns a further 43 per structure dates from 1988 when it was sanctioned by it to protect Gold Fielda from R1.8bn (\$403m) at current the threat of a bostile take

Mr Sandler said New Africa would seek to acquire the entire interest of both companies in Asteroid, by Gold Fields and Driefon- which would unwind the old tein, an operating mins in capital structurs. "We are which Gold Fields and Anglo entering into a partnership with Rembrandt. No longer itself. It will move into an era of more normal arrange ment. This labyrinthine ments," be said.

French biotech group However, the merger is still awaiting approval from the US Federal Communica-

The first French biotechnology company to seek a listing on the London Stock Exchange is planning

its flotation early next year. Mr Emile Loria, chief executive of Toulouse-hased Biovector Therapeutics, said be boped the company would be valued at about £100m (\$163m) at the time of the float.

Biovector is developing a method of delivering vac- than proteins and that cines and other drugs by another deal would be manufacturing, what are in effect, artificial look-alikes of viruses.

The company uses a synthetic core instead of the genetic material in the midcoats it with proteins as with a real virus.

By choosing a protein that has an effect in the body, the virus-like particles become a drug delivery method.

The company signed yesterday a deal with Canadian biotech company Biochem Pharma to use the technology to develop an inflnenza vaccine to be delivered in a oasal spr**a**y.

Mr Loria said the particles could deliver materials other signed before the flotation went ahead.

Biovector will probably be the only French company with its sole stock exchange listing in London. Nasdaq in the US and Lon-

don are the main markets for biotechnology compa-

Floating in France would unnecessarily restrict the shareholder base, Mr Loria said, while managing investor relations after a Nasdag listing would be too time-consuming and the European Easdaq market had yet to prove itself.

Other French companies also see foreign markets as attractive. Genset, one of the biggest biotecb flotations of 1996, listed both in Paris and on Nasdag.

Mr Loria said this situation was unlikely to change, given the French government's relatively modest efforts to encourage biotechnology. He said the financial



Virus-like particle that delivers tirings

inducements recently introple, were much greater though both countries were

UK in adapting stock marduced in Germany, for exam- kets to the needs of biotech companies.

Cloning US success, Page 15

ent is issued in compliance with the requirements of London Stock Exchange Limited (the

of SOCO International pic ("SOCO"). the "Shores") to be admitted to the Official List of the London Stock Exchange. It is expected that listing will

SBC Warburg

Expected share capital on adn

Up to 49,348.846 Shares of 20 pence each

70,000,000

49,348,846 CO 869.769

Upon extraission, all of the Shares in issue (including the Shares to be issued pursuant to a reorga the Company and the placing) will rank part passu in all respects and will rank in full for any dividends or other ade or paid on the ordinary share capital of the Company the relating to SOCO dated 14 May 1997 have been approved by the London Stock

required by the Listing Rules under section 142 of the Financial Services Act 1986 and have been ed. Copies may be obtained during normal business hours on any weekday (Saturdays, Sundays and d) from the date of this notice up to and including 16 May 1997 from the Company purpose receiped security to the Landon Stock Exchange, Capel Court Entrance, off Barth. Announcements Office of the Landon Stock Exchange, Capel Court Entrance, off Barth. EC2N 11-87, and from the date of this notice up to and including 30 May 1997 from:

> SBC Worburg EC2M 2PI

Repartwalk House S Appold Street London EC2A 2HA

15 May 1997

Sometimes the best solution precedes the problem.

REAL ESTATE PORTFOLIO DIVESTITURE

FFR 3.2 Nellion

France's largest ever real estate portfolio divestino Bankers Trust The ability to anticipate a problem often allows you to create the most valuable solution. UAP, France's largest insurance conglomerate, had inherited a real estate loan portfolio consisting of 400 assets that were negatively affecting their share price. They were faced with the challenge of divesting this large portfolio of assets, so geographically diverse, that they created a set of complex issues involving legal, banking and tax regulations. Our understanding of UAP's business

enabled us to approach them with a solution to this complex problem. Together, we were able to successfully execute the largest real estate portfolio divestiture ever done in France. The result of which was UAP's share price going up 5% at its announcement. We welcome the opportunity to discuss how we can develop equally innovative solutions to your financial challenges.

> **▲** Bankers Trust Architects of Value

ERAMET GROUP

Framet informs that further to the announcement of a General Assembly Meeting of Shareholders published in the Official Bulletin of Legal Notices (Bulletin Official des Annonces Léga 1997 and to the press release of Erap dated May 7, 1997, the Company received :

from several stareholders, including Erap, a request to put on the agenda of the next General sembly of Shareholders a number of proposed resolutions.

nees' representatives of Eramet, a request to an immediate implementation of the Law of 1983 concerning the Democratization of the Public Sector which allows for 3 board members

Taking into account the fact that the time necessary to process these requests is not compatible with the previously announced date of the General Assembly of Shareholders and that it is necessary, prior to it, to convene an Eramec's Board Meeting to discuss these requests, it will not be possible to hold the Ordinary and Extraordinary General Meeting of Shareholders announced for May 29, 1997 on that

The Eramet's Board of Directors will meet in the very near future in order to express its views on the above requests and to decide on a new data for the General Assembly of Shareholders.



ntion, contact : Alain Ray, Investor Relations (Eramet, Park)

Compagnie Générale de Géophysique

NYSE Symbol: GGY

SPONSORED AMERICAN DEPOSITARY RECEIPT (ADR) FACILITY

Established by



www.bankofny.com/adr

This announcement appears as a matter of record only.

Telkom SA Limited

has entered into a strategic partnership with Thintana Communications LLC, a consortium owned by

SBC International Inc.

and

Telekom Malaysia Berhad

We acted as financial advisor to Telkom SA Limited in this transaction.

Goldman Sachs International

Regulated by The Securities and Futures Authority

This announcement appears as a matter of record only



** TALLINNA PANK

AS Tallinna Pank Tallinn, Republic of Estonie

DEM 50,000,000 Term Loan Facility

COMMERZBANK AKTIENGESELLSCHAFT

VEREINS- UND WESTBANK AG

CREDITANSTALT-BANKVEREIN BANK AUSTRIA AKTIENGESELLSCHAFT BANCA NAZIONALE DEL LAVORO S.P.A. LONDON BRANCH BANK ROZWOJU EKSPORTU SA

BAYERISCHE LANDESBANK GIROZENTRALE

BANQUE ET CAISSE D'ÉPARGNÉ DE L'ETAT LUXEMBOLING CHIAO TUNG BANK EUROPE N.V.

DG BANK DEUTSCHE GENOSSENSCHAFTSBANK

BADEN-WÜRTTEMBERGISCHE BANK AG

BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT

DEN DANSKE BANK AKTIESELSKAB LANDESBANK SCHLESWIG-HOLSTEIN

Co-Managers CHRISTIANIA BANK OG KREDITKASSE ASA DIE ERSTE ÖSTERRØCHISCHE SPAR-CASSE - BANK AKTIENGESELLSCHAFT

BANK HANDLOWY INTERNATIONAL S.A. LUXEMBOURG MAĞYAR KÜLKERESKEDELMI BANK RT.

GENOSSENSCHAFTLICHE ZENTRALBANK AG STUTTGART

COMMERZBANK AKTIENGESELLSCHAFT, POBOCKA PRAHA

COMPANIES AND FINANCE: ASIA-PACIFIC

Building boom buoys Komatsu

The spending boom in east Asian infrastructure helped Komatsu, the world's second largest maker of construction machinery, achiave e higher than expected 27 per cent increase in net profits works. last year, as sales rose 10 per

Consolidated net profits reached Y18.16bn (\$153m) on sales of Y1,098bn, the third consecutive year in which profits and sales have risen.

Westpac, one of Australia's four big commercial banks,

yesterday announced e 12.9

per cent increase in first-half

profits to A\$638m (US\$496m)

after tax, but said current pressure on lending margins

would make it difficult to maintain this growth in the

"I think it would be very

hard to maintain that profits

growth in the second half,"

said Mr Bob Joss, Westpac managing director. "There

are real margin pressures

through all aspects of the

The impact of the margin squeeze was most noticeable

in the core Australian bank-

ing unit, where operating

profits fell from A\$308m to A\$274m. The institutional

benking division also slipped, from A\$154m to

Westpac's profits advance translated into e 17.8 per

cent increase in earnings per share, to 34.4 cents, while

the return on ordinary

equity rose from 14.7 per

cent to 16.9 per cent. West-

pac attributed this to its

efforts in capital manage-

ment - notably its securitis-

ation programme and share

The first-half result came

after a reduction in the

charge for bad and doubtful

debts from A\$70m to A\$50m.

However, the group's inter-

est margins fell from 3.68 per

er cent to 63.3 per cent.

By Michiyo Nakamoto in Tokyo

and Softbank, confirmed yes-

terdey that Sony and Fuji

TV are to join as equal part-

ners in the venture, which

plans to offer 150 channels to

viewers in Jepan next April.

Mr Rupert Murdoch, chair-

man of News Corp, and Mr

Masayoshi Son, president of

Softbank, said that Sony and

Fuji TV would participate in

JSkyB as managing part-

ners, and would bring valu-

stake in PerfecTV, a compet-

has yet to be decided.

tralian subsidiary.

was a good one against a dif-

cent to 3.55 per cent. Total benefits of about A\$38m a

the increase was smaller, et in Victoria, subject to regu-

The bank said it had in terday it could raise up to

broadcasting company estab- and is expected to bring its

lished by News Corporation edvenced technology and

able content to the that the co-operation of Jap-multi-channel service. The anese terrestrial broadcast-

size of each company's stake ers will be instrumental in

Sony, which has e small satellite multi-channel ser-

ing service, emphasised that ment in another national

interest income was year. The integration of A\$1.43bn, against A\$4.01bn, while interest expenses rose from A\$2.46bn to A\$2.74bn. where half the planned "synwestpac's expense to ergy benefits" of NZ\$140m profits of A\$149m, compared profits of A\$149m, comp

income ratio rose from 61.7 (US\$97.3m) have been with A\$88m, while Austra-

However, before restructuring charges and intangibles, acquire Bank of Melbourne, There was e swing on "other

effect completed the integra- A\$500m via a non-converting interim dividend of 19 cents, tion of Challenge Bank, in preference share issue to up from 16 cents last time.

JSkyB, the digital satellite tainment and Sony Music, and Mr Murdoch and Mr Son

successful marketing to the

Fuji TV, one of Japan's

five netional terrestrial

broadcasters, will provide

content as well as its exten-

sive experience in broadcast-

ing in Japan. Mr Murdoch

believes lts substantiel

library of home-grown pro-

grammes is crucial to the

Mr Murdoch has insisted

determining the fate of the

vice. However, an invest-

Its equal partnership in broadcaster, TV Asahi, vices has been struggling to JSkyB would give it manage—which News Corp and Soft-win market share.

success of JSkyB.

Sony and Fuji TV to

join JSkyB venture

buy-back scheme.

rest of the year,

product range."

A\$122m.

construction activity were equipment rentals. largely negated by e slow-

in 1995, thanks to a Y8.4bn to Y23bn.

but remains cautious

Bob Joss: pressure on margins will make it hard to

maintain the same level of profits growth in the second half

Western Australia, with the merger delivering efficiency BoM offer proceeded and a benefits of about A\$38m a large number of sharehold-

latory approvals. It said yes- A\$28m to e profit of A\$30m.

ment responsibility. The con-sumer electronics company gered e defensive response

owns Sony Pictures Enter- from the Asahi media group,

Westpac is declaring an

were obliged to sell their 21.4

per cent stake back to the

Dentsu, the edvertising

agency, Marubeni, the trad-

ing company, Orix, the leas-

Tsushin, a fast-growing cel-

lular phone retailer, will also take stakes in JSkyB. The exact size of each company's

stake has yet to be decided.

JSkyB is also in talks with

The launch of JSkyB will

boost competition in Japan's

broadcasting market, which is dominated by five national

terrestrial broadcasters and

a public broadcasting satel-

lite service. A handful of

much smaller cable TV ser-

Hollywood studios.

Asahi Newspaper.

Westpac up 12.9%

to Y687.46bn, as the benefits cranes and hydraulic excava-

However, the civil engidown in Japanese public neering and construction Group net profit margins largest business unit turnover, from 1.4 per cent decline in sales to Y99.8bn.

In the current year, Komdecline in interest costs etsu expects Japanese privete sector purchases of Sales of construction equipment to remain robust, Overseas sales leaped 21 equipment overall rose 11.5 but forecasts e decline in

By William Dawkins in Tokyo par cent to Y411.45bn. In per cent to Y716.9bn, helped demand from the public sector increased competition by contrast, domestic sales rose by a sales campaign for a tor. Again, Asia will be the boosting new products and become the public sector. only slightly, by 4 per cent new series of rough terrain main engine of growth.

The group gave no foreof bnoyant private sactor tors and an expansion into cast for consolidated profits lift annual sales to Y1,500bn for the current year to by 2000 and raise the compa-March 1998, but expects its ny's return on equity from Japanese parent company to its estimated 3.5 per cent to division - Komaisn's second increase unconsolidated net 10 per cent over the same profits by 10.5 per cent to period. increased to 1.6 per cent of reported a 13 per cent Y13.5bn over that period, on

agement strategy to equip it growth.

The programme aims to

Komatsu is the latest to sales up just L8 per cent to join a growing list of Japanese manufacturers that Looking further ahead, heve added increased Kometsu lest month profitability to the former launched a three-year man- emphasis on sheer sales

ASIA-PACIFIC NEWS DIGEST

Quinn resigns as Newcrest chief

Shares in Newcrest Mining, the Australian gold producer, surged 25 cents to A\$3.46 yesterday, after the company amounced the surprise resignation of Mr John Quinn, its manging director. The resignation resulted from "differences between Mr Quinn and the board", according to the to the company. Neither Newcrest nor Mr Quinn would

The news surprised many analysts, who had not detected any serious disagreement between the managing director and his board. Mr Quinn, 50, had been Newcrest managing director since it was formed through the merger of the Australian goldmining arms of BHP and Newmont in 1990. He will be replaced temporarily by Mr Ian Johnson, a former group executive at CRA. Nikki Tait, Sydney

Brokers tighten Thai links

ABN Amro Hoare Govett Asia and SocGen Crosby, the European brokerages, yesterday moved to take big stakes in two Thai securities companies, in what is likely to herald a reorganisation of the broking activities of Bangkok Bank, Thailand's largest commercial bank.

Hoare Govett made a tender offer for 49 per cent of Asia Securities Trading, in which Bangkok Bank holds e 9 per cent share directly, and much more indirectly through the Sophonpanich femily.

The offer, valued et Bt35 e share for 68m shares, or about \$84m, places a 45 per cent premium on Asia Securities' share price of Bt24.

The high premium for a securities company which made less than \$30,000 in the first quarter of this year contrasts with the values placed on several struggling brokerage and finance houses as they seek to merge or bring in foreign partners.

Meanwhile, SocGen and Bangkok Bank yesterday agreed to restructure the securities activities of Asia Credit, one of Thailand's largest finance and securities companies, of which SocGen and Bangkok Bank each own more than 25 per cent. Many analysts believe SocGen will take a 49 per cent stake in the securities arm, the largest amount allowed by Thai law. Ted Bardacke, Bangkok

Trust bank damps rumours.

Shares in Sumitomo Trust, Japan's second largest trust bank, were suspended on the Tokyo Stock Exchange yesterday after the company moved to squash rumours of an impending new share issue. The move followed a surge of speculation about the health of the bank and its overseas plans.

Mr Takenori Osakabe, managing director, insisted that the bank would report a profit for 1996, and denied that the group was planning to withdraw from overseas Gillian Tett, Tokyo operations.

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FINANCIAL STATEMENTS 1996

The Annual Shareholders Meeting of Istituto Mobiliare Italiano S.p.A. held on April 29, 1997, approved the Financial Statements as of December 31, 1996, and reviewed the consolidated financial statements of the Group.

The 1996 Financial Statements of IMI S.p.A. and the reports of Annual General Meeting of Shareholders, as well as the Consolidated Financial Statements of the Group, will be deposited on May 28, 1997 at IMI's head office and at the Security and Stock Exchange Council (CONSOB) in Milan for public consultation. Copies will be made available upon request.

NOTICE OF DIVIDEND FOR 1996 FINANCIAL YEAR

The Dividend for the 1996 Financial Year will be in the amount of lire 550 before withholding taxes for each share (against the clipping of coupon N. 4) and will be payable as of May 19, 1997 at IMI's offices in Rome, Viale Dell'Arte, 25 or through the following banks

Banca Commerciale Italiana, Credito Indiano, Banca Nazionale del Lavoro, Cariplo, Istituto Bancario San Paolo di Torino, Banca Monte dei Paschi di Siena, Banco di Napoli, Banca di Roma, Banca Cassa di Risparmio di Torizo, Rolo Banca 1473, Banca Fideuram, Banqu Paribas, Morgan Guaranty Trust Company of New York (A.D.R.), Monte Titoli (for the shares administered by it).

ISTITUTO MOBILIARE ITALIANO S.p.A.

Headquarters: Viale dell Arte, 25 Rome, ITALY
Paid-up Share Capital: 1.T 3,000,000,000 - Inscribed in the Company
Register of Rome no. 10945/91 (Tribunal of Rome) - Inscribed in the Registry of Banks and Parent Company of the IMI Group - Inscribed in the Registry of Banking Groups - Member of the Interbank Deposit Protection Fund - Tax code no. 00448420588 VAT no. 00896201001 This notice is published in accordance with Consob decree no. 5553

Standard & Chartered

Standard Chartered PLC

US\$300,000,000 Undated Primary Capital Floating Rate Notes (Series 2)

In accordance with the provisions of the Notes, notice is hereby given that for the six months period, (186 days), from 15th May 1997 to 17th November 1997, the Notes will carry interest at the rate of 6.25 per cent per annum.

The interest payment date will be 17th November 1997. Payment, which will amount to US\$322.92 per US\$10,000 Note and US\$1,614.58 per US\$50,000 Note, will be made against surrender of Coupon No.24

West Merchant Bank Limited

Agent Bank

Telecom NZ slides 19% Telecom NZ has ear-drawing from its unprofits-marked NZ\$58.3m after tax ble Pacific Star business in By Terry Hall in Wellington Earnings at Telecom New to adjust its computers for Australia. Total costs last Zealand dropped 18.9 per the so-called 'millennium cent to NZ\$581.4m (US\$404m) bug'. The company plans to for the year to March 31. The fall was blamed on ebnormal and Mr Deane said the cost Bell

would be low because most costs releting to sdjusting computers for the year 2000, operational restructuring of the computers were new. Telecom NZ is spending and further losses at an Aus- NZ\$43.2m on restructuring Australia had become a to improve efficiency, which Mr Roderick Deane, chief will involve staff cuts. executive, said the company

controlled by Bell Atlantic per cent to NZ\$3.1bn, in spite and Ameritech, the US tele- of strong price discounting. coms groups - would have Telecom NZ spent NZ\$41.7m reported e 3.2 per cent rise in during the year on launchprofits to NZ\$770.5m bad it ing businesses, including not been for the one-off Internet eccess and val-

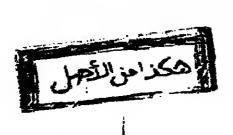
Operating revenue rose 6.2

costs. The operating result ue-added services. ficult economic background, marked a further \$NZ\$37.6m

year of winding down Pacific Star, e joint venture with Atlantic, were NZ\$87.6m.

Mr Deane said the early promise shown by the Pacific Star investment in drain on earnings. The difficulties were partly due to an over-ambitious management team, which was no longer with the company; and to tougher competition from Telstra and Optus, following the deregulation of Austra-

lian telecommunications, Ha expected competition The company has ear- in New Zealand to remain intense with the prospect of



David takes on Goliath

A Texas chipmaker has filed

a patent infringement law-

suit against industry leader

Intel, the second such suit in

Cyrix, which produces "clones" of Intel micropro-

cessor chips, charged on

Tuesday that Intel's Pentium

microprocessors, used in the

vast majority of personal

computers, infringed one or

both of two patents issued to

Cyrix's legal action came

lawsuit, filed by Digital Equipment, the fourth-

largest US computer com-

pany, charging Intel with

infringement of 10 patents

issued to Digital between

look at them today," it said.

Intel said it had no idea

why Cyrix had taken the

unusual move of filing a suit

Intel said yesterday it

1988 and 1996.

24 hours.

Second patent suit

ment, before taking legal

Cyrix, which reported 1996

revenues of \$183.8m and a

net loss of \$25.9m, is tiny

compared with Intel, which

bad revenues last year of

\$20.8bn and net income of

5.2bn. However, the companies

have a history of legal dis-putes related to Cyrix's

efforts to "clone" Intel

microprocessors. A month

ago the companies settled

out of court over Cyrix's use

In the latest suit, Cyrix is

injunction forcing Intel to

halt shipments of micropro-

cessors that allegedly

infringe on the new patents.

as well as permanent injunc-

tive relief plus unspecified

Meanwhile, Digital stepped

deliberately" infringed Digi-

tal patents, Digital charged

In full-page advertise-

informs competitors, warn- mind competing against any- tal was up \$1/2 at \$35%, while

ing them against infringe one's technology - except Cyrix climbed \$1 to \$24.

in its lawsuit.

of Intel'a MMX trademark.

\$5.2bn.

on the heels of a broader seeking a preliminary

knew nothing of the Cyrix up its efforts to portray Intel

patents or what they cov- as a company that had risen

ered. "We received no notice to success through unlawful

of the patents being issued. use of a competitor's tech-We will be attempting to nologies. Intel "wilfully and

without issuing any warn- ments in US newspapers,

ing. Typically, when a com- Digital reiterated its charges

pany obtains a new patent, it against Intel: "We don't

filed against Intel



THE PSOAY MAY 15 M

MORFO NEWS EIGEST inn resigns as werest chief

ers tighten Thai links

And the second s

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A CONTRACT OF THE PARTY OF THE CONTRACTOR OF THE STATE OF THE

a bank damps rumous

Market State of the State of th

appointed by the US Food and Drug Administration to have produced insufficient

Chiron developed the market the injection in treatment jointly with prior to approval]."
Europe. Cephalon, a smaller biotech There are about 2 Trials of Myotrophin, a company. Both stocks fell treatment for the condition sharply on news of the panel known in the US as Lou finding last Friday, but have

"We think the drug is safe



FINANCIAL TIMES

CREDIT RATINGS in emerging markets

. This directory lists for the first time in a single source over 7,000 credit ratings assigned by 34 rating agencies - nine international and 25 local - to emerging market fixed-income securities in:

Argentina • Bahrain • Bangladesh • Barbados • Belarus • Bolivia Brazil · Bulgaria · Chile · China · Colombia · Cyprus Czech Republic • Ecnador • Egypt • El Salvador • Greece Guatemala • Hong Kong • Hungary • India • Indonesia • Israel Jordan • Korea • Kuwait • Lebanon • Liberia • Macau • Malaysia Mexico · Morocco · Oman · Pakistan · Panama · Paraguay · Peru

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A directory of the agencies, their rating scales and criteria is also included in each edition.

In addition each agency's rating system has been translated into a CREM rating score for ease of comparison. Multiple ratings of sovereign debt have also been aggregated into a unique sovereign composite index and are listed alongside the individual issuer's CREM rating score to provide a universal means of comparison between local currency debt from different countries.

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Timken seeks bigger slice of market

The bearings maker has pleased investors with efforts to expand outside the US

tion, or rolling, bearings, enjoys pizza. He likes to compare ona of the staple products of the fast-food ago.
"A pizza costs \$13 and I

Inte

The company also sought

to reassure customers that

its personal computer prod-

ucts, most of which are

be unaffected by the lawsuit.

ers based on Intel micropro-

cessors than those huilt

using its own Alpha chips,

noted Mr Terry Shannon,

publisher of an industry

newsletter covering Digital.

He said this was unlikely to

So far, the lawsuit bas

worked in Digital's favour,

Mr Shannon added. "The

company has gained market-

ing exposure and, if its case

has merit, Digital may gain

a large damages award and a

Speculation about bow

Intel may respond to the

lawsuits was rampant in Sili-

con Valley yesterday. Some

observers expect Intel, which

has a deep patent portfolio,

award in the Digital case,

which could run to billions

of dollars, continued to drive

Intel's share price down vesterday. In early trading, Intel

was down \$31/4 at \$1491/4. Digi-

The size of any damages

to file counter-charges.

licenses L"

Digital sells more comput-

alloy steel, has 12 rollers and a retainer all precisionground, and it lasts longer than a car. Is the bearing good value? You bet!" Mr Timken - whose com-

pany is the world's sixthbiggest maker of bearings can be forgiven for sounding upbeat about his products. Timken last year increased

net income 24 per cent to based on Intel chins, would \$138.9m. on sales up 7 per cent at \$2.39bn. Having underperformed the US stock market for much of 1995 and early 1996, the company's shares have since last autumn outperformed the market by some 17 per cent.

Mr David MacGregor, analyst at Midwest Research, an Ohio-based investment group, says the company has accomplished a lot" in recent years in efforts to reduce production costs and the cyclical nature of its businesses, while also expanding beyond its domesrevenue stream [from patent tic base.

Mr Kurt Rivard, analyst at Baird & Co, another investment bank, said: "I give the company high marks for its approach in recent years in finding out where the growth niches are for its products '

Of Timken's sales, about

We own the world's largest

fleet of cable-laving ships and

r W. R. "Tim" two-thirds comprises bear-ings, most of tham speci-alised forms of these systems gest US maker of anti-fric- called tapered roller bearings, a product in which it is the world leader. The rest of Timken's income comes from highly pure special industry with the items steel, which the company made by the company set up sells to outsiders as well as by his grandfather 98 years using it in its own products.

COMPANIES AND FINANCE: THE AMERICAS

Mr Timken - wbo took over as chairman from his can eat it in 15 minutes. A father 22 years ago and Timken bearing costs \$2. It's whose family continues to made from the world's finest own 19 per cent of the comown 19 per cent of the company, even though it floated in 1922 - is optimistic about the next few years for the bearings industry.

He reckons that the stodgy 2-3 per cent annual growth the sector has experienced in the past decade could easily double as the developing economies of south-east Asia start to build industrial infrastructure and turn to motorised transport.

Use of bearings - which go into just about every type of industrial equipment that has rotating parts - tends to expand particularly fast in developing economies, as more industrial investment goes into mechanical systems and less into computers and office equipment.

China alone is increasing the use of bearings by 10 per cent a year. On Mr Timken's calculations, it could by 2005 become the world's biggest market for bearings after North America.

The US and Cansda account for about one-third of the world's \$20bn a year sales of anti-friction bearings. The other five largest suppliers are SKF of Sweden. NSK. NTN and Koyo of Japan, and Germany's FAG Kugelfischer, Mr Timken says the com-

We've formed Cable & Wireless

data and entertainment.

Communications in the UK, providing a

one stop solution for telecommunications,



On a roll: 'Tim' Timken says that he is 'the only man in the world who can look at bearings and see his name on them

pany is "aggressively" step- takes just 12 per cent of

Outside the US, the company plants in Singapore, China, Australia, India and Poland. The chairman particularly wants the company to "get

world market share.

ping up its efforts to win sales.

Strategically, Mr Timkan believes, his company is in a The US accounts for 68 strong position, partly per cent of Timken's because it is beginning to bearing production. reap the benefits of the \$1bn or so it invested since the is increasing investments in mid-1980s in steel production at its beadquarters in Canton, Ohio. He calls the Timken steel plant "the best in the world" on the grounds bigger" outside Europe and it can turn out metal of par-North America, an area that ticularly bigh tensile

We're introducing

interactive multi-media

services in Hong Kong.

strength by "doping" with finely controlled volumes of

With the steel for its bearings on tap - most other bearings makers buy their steel from outsiders - Mr Timken says his company can integrate new develop-ments in steel technology with new bearing applications. This, he says, gives it a "significant advantage" over other bearing makers when it comes, for instance, to developing a new form of

low-energy bearing for an engine maker. Second, Timken's leadership in tapered roller bear-ings should give it a good platform for growth, since these types of bearings account for about a quarter of the total industry. SKF and NSK are the next biggest sellers of these bearings, which contain small tapers to take the brunt of forces on the bearing and to stand up well to sideways loads. They are useful in heavy machines where reli-

particularly important. Mr Timken says his company has another advantage that should help its development: a stable background in which the Timken family's involvement has been crucial. With just four chairmen in its 98-year history all of them Timkens - the company has had "strength through continuity", ha says, which he reckons cus-

ability and long service are

He still gets s buzz from picking up one of his company's products. "I'm the only man in the world who can look at bearings and see his name on them," he says.

New offices

opened

in Beijing.

We're the largest

foreign private telecommunications

Peter Marsh



in New York Chiron, the California-based biotechnology company which faced a setback last week in its efforts to bring Myotrophin to market in the must rule on the US applica-US, yesterday filed with the European Medicines Evalua- by the finding. tion Agency for clearance to

evidence of the drug's effi-

However, the FDA, which tion by August, is not bound

ease, were found by a panel \$19%, up \$%, while Cephalon was up \$7 at \$13%.

and effective and a muchneeded therapy for this terrible disease," Cephalon said. "We'd have to look very seriously at the economics of developing the drug further if another drug trial were to be required [by the FDA

There are about 25,000 sufferers of the disease of the nervous system - also known as amyotrophic lat-Gehrie's disease and in the since recovered. Chiron was eral sclerosis - in both UK as motor neurona dis- trading around midday at Europe and the US.



We installed over 82,000 new lines in the Caribbean last year.

We've interests in mobile communications in over 30 countries.

New regional HQ in Singapore. Mobile company M1 captured 10% of the market since April 1 launch.

And how's the world with Cable & Wireless today?

Today, Cable & Wireless - the world's most international communications company - announces last year's financial results.

Everywhere we work - with governments, with partners of

RESULTS FOR THE YEAR TO 31 MARCH 1997 1996/97 Change % Turnover of the Group ancidence its share of £7,002m +13% associated undertakings £6,050m Group turnover +10% Cashflow from -72,727m operating activities £1,538m Operating profit +17% £1,418m +12%* Pre-tax.profit 30.3p +15%° Earnings per share 11.1p Dividend pershare +}}% excluding exceptional items in the previous year

independently - we're at the forefront of the telecommunications revolution.

In the UK, for example, we've successfully launched Cable & Wireless Communications, which will be Britain's first genuinely integrated media and telecommunications company, able to offer fixed line telephony, mobile, data transmission, entertainment and interactive services from one source.

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To: Corporata Communications, Cabla and Wireless plc, 124 Theobalds Rosd, London WC1X RRX Pleasa sand me your summary Annual Raport on 1996/1997, to be published on 2 June 1997.





LEX COMMENT

Safeway

is growth from the 40 per cent of their target market the

is still in the hands of smaller retailers like Kwik Save

and Somerfield. They must be delighted at the sight of the

Co-op erecting barriers against takeovers, since it offers

Given the increasing difficulty in getting planning per-

mission for superstores, the big four are all developing

smaller concept stores to tackle segments of the market

they had not condescended to look at before. This bodes

ill for the likes of Somerfield, whose shares have been

Of course, the big food retailers are not going to kick

the habit of competing away much of their profits growth. But at least the environment has stabilised for the time

In the circumstances, Safeway's 20 per cent discount to the prospective price earnings ratio for the market looks excessive. After all, Tesco and Sainsbury are back on an

easy market gains for the foreseeable future.

significantly out-performing Safeway's.

it has been a long time 35

since there have been no

losers among the UK's big

four food retailers. So the

sight of Asda, J Sainsbury

and Tesco all faring well

has ravaged Safaway's

shares during 1997. But

investors will have to look

further afield for victims,

now that it has emerged

that Safeway's genuine

like-for-like sales growth is

higher than Sainsbury's.

In a period of low infla-

tion, the superstores are

less keen to slog it out on

price. But they are also demonstrating that there

Shell wins on environmental monitoring

By Robert Corzine

Royal Dntcb/Shell, the Church Commissioners, with largest western oil company, ebout one per cent of Shell's yesterday smeshed an shares, had written to say attempt by shareholders to that they would abstain. establish external monitoring of the company's envi- annual meeting of Royal ronmental and buman rights Dutch, held yesterday in the

As several dozen protestors demonstrated outsida sudits, though no resolution London's QE II conference was on their agenda. centre, Mr John Jennings, the UK arm of the group. It included personal visits by told the annual meeting that proxy votes from shareholdagainst the resolution. The proxies were still being environmental reports on counted yesterday evening.

The resolution had been brought by 18 institutional sharebolders representing about one per cent of shares and was supported by Pirc, the campaigning pensions advisory group.

A final count was expected to reveal abstentions from several substantial institutions, including PDFM, the

Ms Anne Simpson, co-director of Pirc, said the Shareholders at the

Hague, also called for the establishment of external The London vote followed

ths outgoing chairman of a large investor and public Shell Transport and Trading, relations campaign by Shell. senior executives to tha company's top 50 institutional ers were running ten to one shareholders and the publication of ground-breaking the company's worldwids operations.

> But despite the one-sided outcome, both sides claimed-

Ms Simpson said Mr Jenning's admission that external "verification in principle was desirable" was a breakthrough. She also found solace in the fact that Shell has taken action on many of



Demonstrators outside the Queen Elizabeth Conference centre in London yesterday where Shell'a annual meeting was held

lution, although Pirc was

employing different stan- defeat "what at first reading leave the policy responsibildards in different countries. appears a resonable resolu- ity with the board.

Mr Jennings went to some tion." Ha said: "I have s concerned that the company lengths to explain why Shell problem with the concept of the objectives of the resolu-continued to argue for had made such an effort to suditing policy. We have to tion."

But, be said: "We share

Lex, Page 16

Imperial chief criticises advertising ban

By Ross Tieman

Mr Gareth Dsvis, chief executive of Imperial do nothing to reduce con-Tobacco, attacked govsrnment plans, which were confirmed yesterday, for a partial ban on cigarette brands in the market". sdvertising. At the same time the company reported in UK cigarette sales had maiden pre-tax profits of sccelerated from 2.5 per £143m (\$232m) for the first cent to more than 3 per cent

half, a little below expecta- a year, after duty rises in brands, including Superk- by price increases

"An advertising ban will sumption." Mr Davies said. It would simply set as "an incredible barrist to new Imperial said the decline

last November's Budget had pushed the price of premium brands above £3 a packet. March 29, smokers had continued to abandon premium

Imperial's share of the UK market rose by 1 percentage was more than offset by propoint to 38.4 per cent, as its ductivity improvements and to Rothmans' launch of the ing expectations.

brands for down-market and

unbranded products.

ings, JPS, and Lambert & Butler gained market share. But Gallaher, the American In the six months to Brands subsidiary which owns market leader Benson & Hedges and the best-selling low-tar blend, Silk Cut, remained in the top slot.

The sdverse sales trend

to compensate by faster growth overseas suffered a sharp setback. Imperial's share of the French market slumped 31 per cent, falling to less than 4 per cent, after the Franch government froze cigarette prices. That prevented rivals responding

Winfield 30s discount brand. Elsewbere, sales volume rose 23 per cent through duty-free sbops and 21 per cent in Iberia. The drive into emerging markets in Pacific Asia and the Middle East continued. Mr Davis said Rizla, the cigarette-paper company bought in Jan-

T&N set to talk to Rheinmetall

T&N, the engineering group, said yesterday it was ready to start detailed talks with Rheinmetall, the German industrial conglomerate, on how the companies could collaborate to form the world's biggest supplier of automotive pistons.

The talks follow an agreement between Rheinmetall and Kolbenschmidt, a rival German pistons maker which T&N has been stalking for more than two years, to marge their automotive components subsidiaries into

a single company. Both T&N and Rheinmetall are willing in principle to discuss forming a joint

(\$1.3bn) s year, more than Mahle of Germany, the world's biggest pistons maker.

Sir Colin Hope, T&N chairman, said the proposed merger of Rheinmetall'a antomotive parts business and Kolbenschmidt would open up the prospect for T&N to be able to continue to develop its business on a global basis without the need for additional fin-

ance". The venture between Rheinmetall and Kolbenschmidt will be called Pierburg Kolbenschmidt. It will be listed on the Frankfurt stock exchange. Rheinmetall will have more than 50 per cent operation which would have of the shares.



BASE AS A TOTAL

Airtours cuts loss as overseas sales grow

By David Blackwell

Airtours, the UK-based tour operator, almost halved its interim losses as turnover from overseas businesses overtook UK sales for the

Mr David Crossland, founder and chairman, said the group was "in very, very good shape, with all the assets being well used, good yields, high load factors and continued customer satisfac-

The pre-tax loss for the six the interim deficit came days. Increased losses of months to March 31 fell to from s turnround in the £7.4m at Going Places, the £12.7m (\$20.6m) from a previ- Scandins vian business, ous restated £22.9m. Sales which for the first time rose by 34 per cent to £818.4m.

group's total turnover in North America, after prob-1995. The rapid expansion of lems in Canada and start-up the business has seen the share prica double in the business. past 12 months. Yesterday, the shares jumped a further £17.9m to £9.6m as more cus-

moved into the black in the winter months. Its profit of Overseas sales were about £5.5m (£1.6m loss) more than £450m - more than the offset losses of £1.2m in costs for the Californian tour

tomers paid the full bro-Most of the reduction in chure price for their boli-

In the UK, losses fell from

travel sgency business, reflected the costs of raising the number of foreign exchange bureaux from 346 to 690. Mr Lars Thuesen, deputy

chief executive of the Scandinavian business, will move to bead the UK tour and retail businesses next montb. The appointment will free Mr Crossland to concentrata on further expansion of the group.

Italy and the UK have cleared the £169m acquisition of Costa Crociere, the beavily indebted Italian cruise line, which is expected to be completed by the end of next month. Airtours is bnying Costa

Competition authorities in

in a 50-50 joint venture with Carnival, its largest share-

The interim dividend is increased from 3.25p to 4p after losses per share were halved to 8.18p.

warns of French slowdown

Commercial Union yesterday unveiled a 23 per cent rise in first-quarter profits, but the that sales in France could be restricted until early next year because of internal

Operating profits rose from £83m to £102m (\$165m). benefiting from s milder winter in the US and a strong performance from the life business. The overall gain would have been bigger, but for the recent cut profits by £20m.

per cent to £62m at constant and has most recently been much of its earnings.

France to remain dull this year and possibly through into the early part of next year," said Mr Tony Wyand, CU's executive director of

businesses. CU started integ-

Life profits increased by 25 own operations late in 1995 worsened as premium rates pruning the sales force.

In the highly competitive

UK market, the group said it would reorganise its general insurance arm as part of efforts to reduce costs. It will begin targeting specific types of customer rather than sell insurance only along product lines. This may lead to the loss of several hundred supervisory

The underwriting loss nar-

rating Abeille Vie with its Tha UK result, however, continued to fall.

Despite signs that competition was easing in the personal motor market. CU cautioned against undue optimism. It said there was growing evidence that the recent drought would lead to increased subsidence losses this year. The cost of subsidence claims in the quarter rose from £7m to £11m.

£76m, lifting profits at the pre-tax level from £98m to £171m. The shares fell 13p to

• Strong growth at comparable rates of exchange:

• Pre-tax operating profit £102m (1996 £83m)

COMMERCIAL UNION

RESULTS - 3 MONTHS 1997

Strong 1st quarter performance

operating profit +46%

life profits +25%

- new life and savings business +25%

general insurance profits +16%

John Carter, Chief Executive, commenting on the results said:

"With underlying profits increasing strongly and excellent progress in our worldwide life and savings businesses, the Group has achieved a very good start to 1997."

	3 months 1997 unaudited	3 months 1996 u At 31.3.97 exchange rates	naudited At 31.3.96 exchange rates
Total premium income	£2,381m	£2,182m	£2,467m
Operating profit before fax	£102m	£70m	£83m
Profit on ordinary activities before tax	49 £171m	£84m ···	-10 £98m
Profit attributable to equity shareholders	£105m	£45m	£53m
Operating earnings per addinary share	9:0p	6.0p	7.2p
Shereholders' funds	£4,060m		£3,902m
Note: (i) Includes realised investment gains before tax	of E76m (1996 E22m)	i.	
(ii) At 31 December 1996.)

Commercial Union plc, St. Helen'e, 1 Undershaft, London, EC3P 3DQ Tel: 0171 283 7500 Internet: http://www.commercial-union.co.uk/cu

By Christopher Adams. Insurance Correspondent

restructuring.

strength of sterling which

RESULTS

exchange rates. But new business sales were down in ths key French market where the group derives "We would expect sales in

European operations.

He blamed s recent disappointing performance in the French life market on the problems of merging two

rowed from £99m to £71m, buoyed mainly by a £23m drop in US weather losses.

	Bank of treland Yr to Mar 31	-	(-)	395.6	(315.6🏟)	52	(41.5)	11.65	July 11	10.25	16.75	15.25
1	Cable and Wireless Yr to Mar 31	7,002	(6,172)	1,416	(1,341 Y)	30.3	(27.5)	7.7	Sept 1	6.92	11.1	10
1	Circle Comms \(\phi \)	8.1	(11.5)	0.713	(1.12)	4.831	(13.23)	1	July 1	-	11.1	10
ı	Commercial Union 3 mits to Mar 31 *	2,381	$(2.467 \Box)$	171	(98)	9†	(7.2)		, .	_		20.0
١	El Oro Yr to Dec 31	3.11	(2.32)	2.75	(1.96)	43.28	(31.01)	nit		21	99.5	30.3
ı	Exploration Co	3.65	(2.7)	3.07	(2.33)	18.22	(13.76)	nii	_	10.5	22.5	21
1	Imperial Tobacco 6 mits to Mar 29	1,944	(1,861)	143	(174)	18.6	(-)	7.2	July 1	10.0	11	10.5
ı	London Securities Yr to Dec 31 &	1.84	(1.79	0.738	(0.73)	11	(15.1)	2	June 20	5	-	
1	On Demand Info 6 mits to Mar 31	5.6	(5.67)	2.29L	(1.29L)	4.21.†	(251)	- :	Julie 20	9	2	8.5
ı	Safeway Yr to Mar 29	6,590	(6,069)	420.6	(429.49)	26.8	(26.4)	9.7	Aug 4	9.7		
ı	Sage 6 mths to Mar 31	73.6	(71.8)	19.3	(18.1)	12.03	(9.92)	0.97	June 23		14.1	12.75
ı	Sanderson Elects 6 miles to Mar 31	33.4	(30.6)	3.5	(3.32)	5.91	(5.3)	2.4	July 7	88.0		2.64
ı	Scottish Radio 6 mths to Mar 31	16.3	(13.3)	4.49	(3.24)	10.81	(8.7)	3		21	4.6	4
	***************************************	1010	(,	7.70	(out)	10.01	lor,	•	July 4	2.5	-	7.8
4												
١	Investment Trusts	MAY	/ (p)		outable gs (Sm)		(p)	Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total fast
				Earnita	ge (Em)			payment (p)	payment	dividend.	year	year
	Fleming Inc & Cap Yr to Mar 31	107.04	(95.56)	6.53	gs (Sm) (6.16)	5,27	(5.33)	payment (s) 1.55	June 1	dividend.		
	Flemming Inc & Cap Yr to Mar 31 F&C Pep 6 miths to Mar 31 ★	107.04 152.13	(95.56) (138.63)	6.53 0.999	(6.16) (1.02)	5,27 1.69	(5.33) (1.77)	1.55 1.75	June 1 June 9	dividend.	9ear 5.45	year
	Fleming Inc & Cap Yr to Mar 31 F&C Pop 6 mits to Mar 31 ★ Perpetual Income 16 mits to Mar 31	107.04 152.13 111	(95.56) (138.63) (95.5#)	6.53 0.999 6.65	(6.16) (1.02) (-)	5,27 1,69 3,9	(5.33) (1.77) (-)	payment (s) 1.55	June 1	dividend.	year 5.45	5.3
	Flemming Inc & Cap Yr to Mar 31 F&C Pep 6 miths to Mar 31 ★	107.04 152.13 111 96.3	(95.56) (138.63) (95.5#) (79.03)	6.53 0.999 6.65 0.835L	(6.16) (1.02) (-) (0.634L)	5,27 1,69 3,9 1,54L	(5.33) (1.77) (-) (1.41L)	1.55 1.75 1.89	June 1 June 9 June 23	1.7 1.65	5.45 3.64	5.3 4.16

12.7L (22.9L) 8.18L† (16.17L)

ums, & Comparatives for 15 months. III Net revital income, #At March 21 199

Lucas Varity in Chinese venture

__ 6 mths to Mar 31 * 818.4 (609.6)

Lucas Varity, the Anglo-US engineering group, bas entered s joint venture in China aimed at making it one of the country's biggest makers of diesel engines for use in trucks, buses and power-generating equip-

Its Perkins subsidiary is investing £18m (\$29.2m) in a factory in Tianjin, south-east of Belling, which is projected by 2001 to make some 50,000 engines a year, wortb roughly £100m.

The venture is Peterborough-based Perkins' first full-scsle manufacturing project in China, where the in kit form to the new facdiesel engine business is tory.

expected to double over the next three years as the economy expands. Perkins, one of the world's biggest diesel engine makers, plans to double its sales to about \$2bn by the end of the century, with 30 per cent of the extra revein Asia.

The joint venture company will be called Perkins Engines (Tianjin). LucasVarity will own 60 per cent, with the rest owned by Tianjin Engine Works, a Chinese company which already makea Perkins engines under licence.

initially, engines will be shipped from Peterborough



NLG 500,000,000 Floating Rate Bonds 1992 due May 15, 2002

In accordance with the Terms and Conditions of the Bonds, notice is hereby given that for the Interest Period from May 15, 1997 to August 15, 1997, the Interest Rate has been fixed at 2.61%. On August 15, 1997, the fol

amounts will be payable on the NLG 10,000: NLG NLG 100,000: NLG NLG 1,000,000: NLG

Rabobank International

May 13, 1997

ANSETT AIRCRAFT USD 165,800,800 Floating Rate Holes due 2091

Notice is hereby given that pursuant to paragraph 6.(0) "Mandatory Redemption by the Issuer in Part by Certain interest Payment Dates" of the Terms and Conditions of Notes, the following Notes in the principal amount of USD 10.410,000 have been drawn by lot and are due for redemption at 100% plus accrued. Interest at the offices of the principal paying agent on the interest payment date 24th June, 1997:

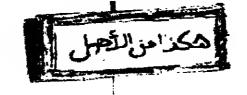
No. 1133 to No. 1223 included No. 1556 to No. 1603 included No. 4803 to No. 4944 included interest will cause on the Notes called for redemption on and after the Redemption Date.

Payment will be made upon presentation and surrander of the Notes, together with all appurtment outpons maturing subsequent to the Redemption Date.



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Safeway

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Videoconferencing systems are set to share common standards, writes Geoff Nairn

Try to see it my way

cheaper standards-based products that will work with equipment from different vendors and across multipla networks.

This prediction was made by Teleconferencing Consortium, an industry body that includes the biggest IT and telecommunica- tha market research company. tions companies, at a recent technical event held to demonstrate that the industry no longer deserves its reputation for costly

and incompatible products. Technical standards rarely grab the headlines, but the the event was dubbed a "milestone" as videoconferencing systems meeting open standards were tested exhaustively over different natworks. Engineers from 38 of the 140 consortium member com-

SORRY - I CAN'T SEEM

to sit still since

I LEARNED THAT

USED TO MAKE

MY JEANS

MICROBES WERE

Tideoconferencing panies spent a week in a Berlin systems may soon be as hotel ballroom plugging in each uniquitons as the fax other's products to prove they machina, thanks to conformed to several recently fin-

room, the videoconferencing market's value could grow to \$5bn in the International Multimedia 2001, the consortium helievas. Last year it was worth \$590m according to Frost & Sullivan,

> in the past, when industry standards did not exist, makers of videoconferencing equipment used proprietary technologies that required all parties in a conference to have the same equipment. Proprietary standards still exist - one of the most popular internet videoconferencing products, CU-SeeMe, is proprietary hut the consortium believes the case for adopting open standards

cially expluited mainly in produ-

cing high-value pharmaceuticals.

Genencor, the US biotechnology

company, is commercialising a

biological route to production of

indigo, the dye widely used by

The process is a breakthrough

Genencor says it is the first use

of a genetically engineered organ-

ism in the production of an

To the layperson, however, the

organism in question might seem

a surprising choice. Genencor is

using the e-coli (Escherichia coli)

denim manufacturers.

industrial chemical.

This could be about to change.



Onscreen get-together; the industry is shaking off incompatibility

"Proprietary standards create ingly used, including the interwith the same technology," says Deepak Kamlani, the consortium's corporate secretary. "The fax machine became prevalent because it is based on a common standard and we think the same thing can happen with [video]conferencing."

Videoconferencing has traditionally employed the Integrated Services Digital Network (ISDN), hut other networks are increas- says Armin Schubert, the consor-

Bacteria to dye for

wide range of com- ness. But other e-coli strains live oured compound

suaded to produce a is a common cause of serious ill-

pounds through genetic engineer- harmoniously in buman digestive

ing. Until now, bowever, the tracts, and these are being used

technology has been commer- to produce indigo from glucose.

bacterium, one strain of which disb tinge. It was caused by a recently caused a fatal food pol-

icrohes can be per- soning outbreak in Scotland and reacted during the fermentation

"The process has been around

for a while. The problem was to

make it economical enough,"

says Scott Power, Genencor

research fellow. "We really

worked with the metabolism of

the price of indigo from \$20 to \$12

per kilogram as the company was

about to start production. "This

marketplace, we had to improve

Then, as the dye was being

tested by a denim manufacturer,

the fabric came out with a red-

disb tinge. It was caused by a

meant that rather than enter the

the yield," says Power.

Genencor faced a sharp drop in

the organism to achieve this."

technology islands that limit you net, corporate networks and to communicating with others intranets and the traditional analogue phone system. At present. all parties to a conference must use the same network, but the consortium believes that by on Intel MMX processors can run 1999 users of different networks will be able to interconnect. "We are convinced that seam

TECHNOLOGY

less interconnection between networks is the most important achievement for the whole [videoconferencing] community."

to produce indirubin, a red-col-

Genencor then found an

enzyme, isatin hydrolase, from a

common soil bacterium which

removed the troublesome isatin

from the fermentation. The

enzyme was engineered into the

production strain, which along

with the control of the dissolved

oxygen concentration in the fer-

menter, produced denim of the

The dye produced by this bio-

logical method has been tested

on more than 200,000 yards of

denim and bas performed as well as the synthetic product. Genen-

cor says the dye can now be

offered at a price competitive

with synthetic indigo, which is

made in a process requiring eight

different steps. Many of these

steps take place at high tempera-

right blue colour.

tium's European vice-president and an assistant director with Deutsche Telekom.

The German operator believes ISDN is ideal for videoconferencing as it offers better quality than the internet or the analogue octwork. But oot all consumers or businesses will want ISDN, so it plans to incorporate "gateways" into its ISDN network to allow internet and analogue network users to have videoconferences with ISDN users.

US-based VideoServer specialises in these gateways and recently signed a deal with Cisco, the leader in networking hardware, to include its gateways in Cisco products. One application would be to allow companies to expand their ISDN videoconferencing systems - typically room based installations - hy connecting them to a corporate intranet or the internet.

At the moment, using the internet for videoconferencing can be frustrating because it does not bandle video traffic well. But intranets are more manageable. so the problems of mixing video with other network traffic can be handled better, says VideoServer.

Another reason for the consortium's confidence is the tumbling cost of desktop videoconferencing. Today's powerful PCs based videoconferencing without needing expensive add-on cards.

Meanwhile, Microsoft plans to include free software in future versions of Windows and its Internet Explorer browser to bold audio, video and data conferences over the internet.

nlex chemistry takes place inside

the bacteria. It works at ambient

temperatures and uses no toxic

chemicals. The indigo precipi-

tates from the broth and there is

a relatively simple separation

Genencor is also working on a

biological production route for

1,3-propanediol (PDO) with

DuPont. PDO is used as a feed-

stock for polytrimethylene tere-

phthalate (PTT), a polymer with

The replacement of synthetic

significance of these develop-

ments in the longer term is in the

replacement of petrochemicals by

renewable feedstocks.

similar properties to PET.

posal.

procedure.

pharmaceutically active. The tures and involve hazardous chemicals needing careful dis-In contrast, the fermentation route uses a simple sugary broth to grow the bacteria. All the com-

their structural analogues. tel 6197842400; fax 6197842469.

developing tiny cracks as a result of constant changes of temperature and pressure. These are normally repaired using riveted metal reinforcement plates, although they can lead to new flaws over

processes with environmentally benign biological processes is sig-nificant in itself. But the greater been developed by Sandia operated by Lockheed Martin Corporation for the US Department of Energy. It has developed a thin tape made from strong, parallel boron William Macdonald

Worth Watching · Vanessa Houlder



Bones of a new cancer treatment

Scientists in the US hava succeeded in synthesising a promising new class of anti-cancer compounds, known as epothilones, according to a report in today's Nature

magazine. The anti-cancer action of the epothilones differs from most other agents in that it stabilise the microtubules that form the microscopic "skeleton" inside cells, which are an important part of a cell's defence against turning cancerous.

The approach devised by the Scripps Research Institute in La Jolla is the first of its type, although others have succeed in synthesising one of these compounds over the past six months. Epothilones, which are produced naturally by a certain type of bacteria, are examples of natural products that have been found to be

achievement of synthesising such complex moiecules will make it easier for researchers to experiment with them and

Scripps Research Institute: US.

Flexible friend for aircraft repairs

Aircraft are prone to

A different approach bas National Laboratories, which is fibres enmesbed in epoxy, which are applied to the aircraft's surface using

adhesive, heat and pressure. One of the main advantages of the material is its flexibility. which spreads the stress load on the aircraft more evenly than the riveted plates. It is also light, capabla of being formed into complex shapes and quick to use. The technique has undergone a successful trial over the past two months Sandia National Laboratories: US, tel 5058446078; e-mail dproach@sandia.gov

Breaking down Is hard to do

The organophosphates in pesticides are highly toxic and notoriously difficult to break down. But a Paris-based research team at the Topology and Systems Dynamics Institute of CNRS, France's national scientific research organisation, believes the problem can be cracked using compounds based on peroxyacids. The newly developed chemicals, which can destroy organophosphates and fast-reacting and do not harm

the environment. The Topology and Systems Dimomics Institute: France 0144276051; fax 0144276814.

System to read the smoke signals

An ultra-sensitive smoke detection system which can identify wisps of smoke before they are visible to the human eve could help organisations detect fires in their early stages.

The system, which uses closed-circuit TV security cameras, "reads" a unique electronic signature from smoke and fumes. When smoke is detected, the system, known as VSD-8, sounds an alarm and shows the location of the fire on a monitor.

The system, which was developed by Intelsec Security Systems, a UK security company, was originally commissioned by Magnox Electric to detect fire in power station turbines. Tha eight-camera system is

expected to cost about £12,000. ISL: UK, tel (0)1462 453330; fax

fortis AG

General Meeting of Shareholders

The Ordinary General Meeting will be held on Wednesday, May 28, 1997, at 10.30 a.m., at 1000 Brussels, rue du Pont Neuf, 17.

1. Directors' and Auditors' Report 2. Annual accounts

- ROBER BEALE

Proposal to approve the annual accounts for the 1996 financial year, including the appropriation of profit proposed by the Board of Directors. A proposal will be made to declare a gross dividend of BEF 127 per share, giving the right in a net dividend free of withholding tax of: BEF 95,25 per share (coupon no. 10),

BEF 107,95 per share (coupon oo. 10), accompanied by coupon oo. 10 of the VVPR strip sheet. 3. Discharge of directors and statutory auditor

Proposal to grant such discharge.

4. Statutory appointments

Proposal to appoint as director Mr Jacoh GLASZ for a period of tree years, until the end of the Ordinary Geoeral Meeting of 2000.

Proposal to renew the term of office of Mrs Frank ARTS, Philippe BODSON, Valère CROES, Jean de JONCHE d'ARDOYE, Ernesto JUTZI, Philippe LIOTIER, Bernard t'SERTSEVENS and Herman VERWILST, who are eligible and present themselves for re-election, for a period of tree years, until the end of the Ordioary General Meeting of 2000.

Attendance to the meeting

To take part in the meeting, shareholders must conform with the provisions of Articles 22 and 23 of the Memorandum and Articles of Association:

a) Owners of bearer shares are requested to deposit their shares at the company's registered office or at ooe of the banks mentiooed below, oo later than Wednesday, May 21, 1997;

b) Owners of registered shares, as well as owners of bearer shares which have already been deposited at the company's registered office, are requested to advise the company by the same date of their totention to take part in the meeting.

Proxy

Shareholders wishing to be represented by other persons at the meeting are invited to use the proxy form (which does out constitute "proxy request" or "public solicitation" within the meaning of Article 74 paragraph 2, sub-paragraph 2, and paragraph 3 of the coordinated laws governing commercial companies) which may be obtained upoo simple request at the company's registered office. Every proxy must reach the company's registered office as sooo as possible, and no later than Wednesday. May 21, 1997.

Further information

The Annual Review 1996 and the Supplement 1996, which together form the annual reports of Fortis and its two parent companies, Fortis AG and Fortis AMEV are available to the shareholders. They can be obtained at telephone number 32 (0)2 220 9349.

For further information regarding attendance to the meeting, please refer to telephone numbers 32 (0)2 220 7601 and 220 7685.

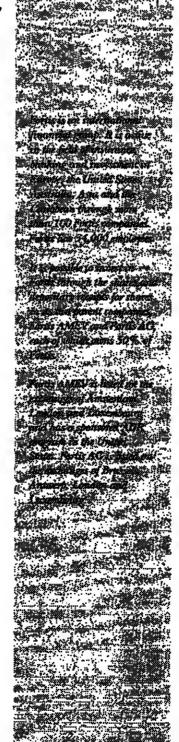
Brussels, 9 May 1997

Fortis AG, public limited liability company Bd Emile Jacqmain, 53 1000 Bruxelles Belgium R.C. Brust : 1811

ASLE-CGER BANK BANQUE BRUXELLES LAMBERT CREDIT A L'INDUSTRIE GENERALE DE BANQUE KREDIETBANK

The Board of Directors

FORTIS BANK LUXEMBOURG BARCLAYS BANK



Fortis AMEV

General Meeting of Shareholders

The annual general meeting of shareholders of Fortis AMEV nv will be held oo Wednesday 28 May 1997, commencing at 10:30 a.m., in the Fortis Auditorium, Archimedeslaan 6 in Utrecht, the Netherlands.

Summary of the agenda

Report from the Executive Board for the financial year 1996, approval of the annual accounts 1996,

declaration of the dividend for the financial year 1996 Re-appointment of a member of the Supervisory Board

Appointment of three members of the Executive Board

Authorization for the Executive Board to issue shares Authorization for the Executive Board to repurchase the company's own shares

Availability of the agenda and annual reporting

The following documeous will be available free of charge as from 29 April 1997 from Fortis AMEV in Utrecht, the Netherlands, MeesPiersoo N.V. in Amsterdam, the Netherlands, Barclays Bank PLC in London, United Kingdom and Fortis Bank Luxembourg in Luxembourg at the addresses listed below: the full agenda for the meeting, also containing the prescribed ootifications coocerning the

supervisory director standing for re-appointment; the Annual Review 1996 and the Supplement 1996 of Fortis, Fortis AMEV and Fortis AG, including the annual reporting of Fortis AMEV.

Attendance to the meeting

Holders of registered shares may attend the meeting providing they ontify Fortis AMEV of their intention in do so in writing on later than Wednesday, 21 May 1997.

Holders of depository receipts for shares may attend the meeting providing they lodge their receipts with MeesPierson N.V. in Amsterdam no later than 21 May 1997 (or they can submit to MeesPierson N.V. proof of lodging the depository receipts at the offices of a company that is a member of the Amsterdam Stock Exchange Association), with Barclays PLC in London, United Kingdom, or Fortis Bank Luxembourg in Luxembourg, at the addresses given below.

Those who are eodiled by law to attend the meeting may also be represented by proxy, in which case in additioo to the requirements for attendance as stipulated above, the wrinen proxy must be received by the company no later than 21 May 1997.

Directions/further information

Those who bave given nooce of their intention to attend the meeting will receive directions in advance concerning how m reach the Fortis Auditorium. For further informacioo, please contact the Group Communication department, telephone oumber 31 (0)30 257 65 47.

Utrecht, 9 May 1997

Fortis AMEV nv Archimedeslaan 6

3581 BA Utrecht The Netherlands

MeesPierson N.V

The Netherlands

1012 KK Amsterdam

Rokin 55

On behalf of the Executive Board

I.L.M. Bartelds

Barclays Bank PLC 8 Angel Court Throgmorton Street

London EC2R 711T

United Kingdom

Fortis Bank Luxembourg 4 Rue de la Reine 2418 Luxembourg Luxembourg

INTERNATIONAL CAPITAL MARKETS

Europe buoyed by talk of rate cuts Vitro follows

By Milchael Lindemann in London and Jane

Martinson in New York

European bond markets delayed. Either would suggested profit-taking could headed higher yesterday, depress prices, analysts said. be imminent. finding support from stron-

GERMAN BUNDS set the ment will have unpleasant Bear Stearns. figures to grapple with today when it publishes its halfyearly tax estimates.

Rumours suggested that intraday high of 102.59. the govarnment faces a FRENCH OATS clearly feit

Others took a more optiger US Treasury prices and mistic view, given that the has Capital Markets in Paris, renewed speculation about bund market bad broken said such a downturn could interest rate cuts in Spain through the 5.75 per cent occur next week, once opinoptimistic tone, in spite of buy," said Mr David Brown, concerns that the govern- chief European economist at May 25. A jittery market.

the day and just below an

this year's budget, renewing The US figures and further the day. fears that the 3 per cent bud- opinion polls forecasting a fudged or that European helped prices higher - so monetary union might be high, in fact, that analysts

Ms Natalie Fillet, at Parimark on 10-year bund yields. ion polls have been forbid-"This market is in a mood to den in the last week before the first round of voting on feeding off rumours, was The June bund future likely to see prices fall, she closed at 102.50, up 0.38 on said, but whatever readjustment occurred would not be

The June notional future

"substantial".

ITALIAN BTPs were in no

get deficit target would be centre-right election victory mood to be bearish and 180.39. Expectations about a further interest rate cut bol- bond rose it to 96% at mid-stered the market but Mr day, although still short of Mark Cliffe, economist at earlier highs. The yield fell released today to further HSBC, warned that the real problem for Italian politicians - the 1998 budget talks ducer price information - were likely to be "unsettl-

ing" for the market. SPANISH BONOS settled at 116.07, up 0.31, after April inflation tumbled to 1.7 per cent, its lowest level in expected but the extent sur- bond fell more steeply to naarly 30 years. The yield prised the bond market. A 6.660 per cent.

New international bond issues

shortfall of up to DM20bn in the benefit of the good mood. settled at 130.64, up 0.26 on spread of bones over bunds note from analysts at Donremained unchanged at 83 aldson, Lufkin & Jenrette basis points.

received additional support were cheered in mid-session cerned about at the wholefrom a stronger lira. The yesterday by economic data sale level of production". June BTP future picked up which pointed to slower almost I point to settle at growth and lower inflation.

> to 6.874 per cent. Prices shot up after proshowed a monthly decline in

monthly decline. Some slowdown had been

said that "there was no infla-US TREASURY prices tion whatsoever to be con-

Mr Robert McCool, senior government bond trader at The benchmark 30-year First Chicago, said that the market expected the consumer prices figures to be

calm inflation fears. The yield curve stayed at about the same level as it has been since the beginning of the week. The yield on the April, the biggest for four two-year bond declined years and the fourth straight slightly to 6.218 per cent while that for the 10-year

trend with **\$300m** issue

By Daniel Dombey in Mexico City

Vitro, the Mexican glass maker, is expected this week to announce a eurobond issue of at least \$300m. It comes as part of a flurry of borrowing by Mexican companies eager to capitalise on banks' willingness to lend at the lowest rates since the peso devaluation of 1994.

Over the past two weeks, Femsa, a beverages company, has launched a threeyear syndicated loan led by SBC Warburg, J.P. Morgan and ING Barings at 162.5 basis points above Libor, the London interbank offared rate. Cemex, tha country's biggest cement company, has secured a \$600m revolving credit line with a threeyear maturity at 125 basis points over Libor.

Steel producer Altos Hornos de México (Ahmsa) has launched two private Yankees - dollar-denominated bonds issued in the US by foreign borrowers. These, totalling \$425m, were for five and seven years. Demand was four times greater than the initial offer of \$300m.

Moreover, telecommunications company Teléfonos da México (Telmex) has taken since the devaluation - a one-year syndicated loan at 60 basis points over Libor.

Guaranty Trust, will in large company's stock, since it is ratio is too low. currently cheaper for Telmex to raise money through debt than equity.

"We're seeing Mexican corthe sovereign issues," said "It is a real opportunity."

Mr Richard Segal of Santander Investment Emerging Markets in New York.

mergin

ANELIPIES ANTES

SA MONEY PATES

Appetite for Mexican paper has increased enormously, pushing down spreads. In the past 12 months, the spread on benchmark four-year sovereign dabt has fallen 220 points to 174 above Libor, while its 30-year equivalent has fallen 270 points to 321 above Libor.

Ms Amy Falls, director of emerging markets fixedincome research at Morgan Stanley in New York, said spreads could tighten by another 25 points over the next year.

She argues that Mexico's high level of exports and strong current account and positions hava attracted fixed income investors to the country, although the very high levels of international liquidity also play a big part.

The large number of syndicated loans being taken out by Mexican corporates could indicate that banks are particularly eager to improve their interest margins in tha current climate, while bondholders are more cautious.

For their part, the companies are putting the money out one of the biggest loans raised to different uses. Femsa and Ahmsa are using the proceeds to restructure current debt; the latter now The loan, led by Chase has no short-term debt. Tel-Manhattan and Morgan mex's issua is in part impelled by the judgment part be used to buy back the that its current debt/equity

"We're taking advantage of the liquidity that is currently in the market," said Mr Adolfo Cerezo, chief porates step into the shoes of financial officer of Telmer.

UK investors shun Mexican offering

By Edward Luce

and Samer Iskandar

Mexico's £300m foray into in sterling." the eurosterling market received a lukewarm yesterday. As the first sovereign emerging market offering in sterling since Argentina's five-year daal last July, traders said they were surprised at the arms-length

investors. But an official at SBC Warburg, which jointly arranged the deal with BZW, said they officials. were starting to register strong demand from retail investors in Europe. Asian investors had also shown strong interest.

Traders, however, confirmed that the deal had added to it yesterday - most failed to ignite passions in of it pre-sold, according to the UK. "We have had diffi- SBC Warburg, joint lead culty finding UK institutions with J.P. Morgan. Officials which have taken large said that the second tranche, yesterday. The £100m issue below the psychological spresd tightening by and J.P.Morgan.

WORLD BOND PRICES

ECU (French Govt)

BENCHMARK GOVERNMENT BONDS

some time for them to get used to it. Emerging market issues are a rare occurrence Swiss retail investors.

Officials said that Mexico long-dormant seven-year credit story in the lead-up to the planned creation of the European single currency and a more unified European debt market - in 1999. The five-year issue was priced to treatment it got from UK yield 175 basis points over cilts and was bid at re-offer in the secondary market. according to syndicate

> TURKEY, in contrast, was prompted to re-open its \$300m five-year offering because it proved so popular. The issue, launched on Monday, bad another \$100m cial. Seven years was seen

Price change Yield ago ago

7.11

8.71 6.93 8.02

 Coupon
 Date
 Price
 change
 Viold
 age

 8.790
 11/08
 93.2368
 -0.440
 7.77
 7.80

 5.750
 04/07
 100.3600
 +0.060
 5.70
 5.78

 6.250
 09/07
 103.4700
 +0.420
 5.78
 5.87

 7.000
 12/06
 103.2200
 +0.080
 8.54
 8.68

 8.000
 03/05
 111,6400
 +0.440
 6.24
 6.41

 4.750
 03/02
 100.6358
 +0.210
 4.60
 4.72

 5.500
 04/07
 99.6800
 +0.310
 5.54
 5.69

 8.000
 08/06
 109.9800
 +0.350
 6.53
 6.68

 8.750
 02/07
 97.3400
 +0.470
 7.131
 7.28

 5.750
 02/07
 102.4610
 +0.240
 1.82
 1.70

 5.750
 02/07
 101.2400
 +0.240
 5.58
 5.65

 9.500
 02/08
 120.3600
 +0.400
 6.38
 8.

9,000 10/08 115-14 +11/32 7.01 6.250 02/07 97-06 +1/32 8.64 8,625 02/27 96-27 +5/32 6.87 7,000 04/06 107.6100 +0.250 5.68

amounts of this paper," ona which was priced to yield 2 trader said. "It might take basis points less than Monwhich was priced to yield 2 day's issue at 348 basis points, was snapped up by

SWEDEN re-opened the

wanted to familiarise UK sovereign sector yesterday response from UK investors investors with its improving with a \$500m offering. Priced to yield 18 basis points over the split between five and 10-year US Treasuries, the paper was apparently stable last night. An official at ABN Amro, lead manager of the deal, reported strong buying from UK institutional investors, "Sweden recognised that the five-year market is overcrowded at tha moment with a lot of spreads widening while the 10-year end is not exactly overpopulated," said an offi-

as a good gap to fill."
CASTLE TRANSMIS-SION's debut sterling bond

Italy

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

I NOTIONAL ITALIAN GOVT, BOND (BTP) FUTURES

Open Sett price Change

(LIFFE)* Line 200m 100ths of 100%

0.75

0.52 0.68 0.36 0.51 0.24 0.37

M STALIAN GOVT, MOND (STP) FUTURES OPTIONS (LIFTE) Lin200m 100mm of 100%

0.32 0.84 1.05

129,55 130,39 +0,83 130,54 129,50 75569 114800 130,80 130,86 +0,91 130,87 130,40 825 7318

0.36

E OS DOLLARS Kingdom of Sweden Husmang Power Intigals Republic of Turksy(b) Banco Mercantil Argentino +18(6%Apr02) ABN Arreo House Govett 8.75 99.489R May 2004 0.30R 1.759 100.00 May 2004 2.50 10.00 100.048R May 2002 1.00R 8.8769 99.884R May 2000 0.75R JP Morgan Securities +348(916%-02) JP Morgan/SBC Warburg +255(914%-03) Barciays de Zoste Wedd United Mexican States Castle Transmission Fin(c,s) Volvo Group Fin Sweden European Inv/ment Bankol European Inv/ment Bankol European Inv/ment Bankol SBC Warburg Republic of Finland 3.25 101.25 Jun 2005 2.625 A ITALIAN LIFE Obn 5.462 100.00 Apr 2001 none 10bn 5.3836 100.00 Apr 2001 none III RAND Deutsche Finance Neths 2bn 2000 - 7.45R Jun 2017 0.15R Deutsche Morgen Grentell Final terms, non-callable unless stated. Yield scread (over relevant government bond) at launch supplied by lead manager. §Convertible. §Sami-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Conversion price; \$29.20 per ADS. Puttable on 21/5/02 at 126.575%. Callable from 21/5/00, subject to 130% hurdle, at per, Greenshoe: \$30m. b) \$300m launched on Monday was increased to \$400m. d) Spens cell provision (anytime at higher of per or gits +50bp). Event risk put option at 101%. d) Callable on 15/6/02 at per, d1) 5.105% to 13/8/02, then 8.70%. e) Redemption formula: 100% + [21.08% + 5 x [(10)r - 3yr swap rates) -0.44%]), min zero. f) Quarterly coupons. () Over interpolated. a) Short 1st coupon.

consortium - which bought over gilts. the BBC's domestic transmission network for an esti- breaker for the sterling sec-Boston to increase its size to

Low Est. vol Open int.

of 10-year bonds from tha yield level of 200 basis points more than 15 basis points. "This deal is a ground-

mated £250m - was oversub- tor," said J.P.Morgan, senior J.P. Morgan also reported scribed, allowing the lesd co-lead manager. "We expect manager Credit Suisse First it to open up a new market." £125m. The bonds were also don the bonds had risen priced at the tight end of the by about 1.5 from their issue received a warm welcome range of expectations and price of 99.161, the yield of a £157m loan from CSFB

FT/ISMA INTERNATIONAL BOND SERVICE

"UK investors showed tremendous appetite," said one syndicate official. But strong interest by overseas investors, who bought By late afternoon in Lon-nearly a third of the amount, Of the total raised, £100m will be used to redeem part

FTSE Actuaries Govt. Securities **UK Indices** — Low coupon yield -- - Marchine coupon yield -- High coupon yield --May 14 May 13 Yr. ago May 14 May 13 Yr. ago May 14 May 13 Yr. ago Wed Day's Tue Accuracy May 14 change % May 13 interest 4.81 5 yrs 8.80 15 yrs 3.16 20 yrs 2.87 kmd.† 3.85 7.52 8.23 7,56 8,24 8,24 6.98 7,04 7.05 1 Up to 5 years (19) 120.02 8.89 5-15 years (21) Over 15 years (5) Invideamables (5) 3.53 7.05 7.04 155.00 0.20 154.69 7.08 181.34 211.28 May 14 May 13 Yr. ago May 14 May 13 Yr. ago 8 Up to 5 years (2) 7 Over 5 years (10) 0.07 205.14 0.29 197.73 0.24 167.44 Up to 5 yrs Over 5 yrs 3.03 2.86 2.86 205.28 196.25 8 Al stocks (12) 197.92 to 8%-10%%; High: 11% and over, † Flat yield, yet Year to date.

FT Fixed Interest Indices Gilt Edged Activity Indices May 14 May 13 May 12 May 9 May 8 Yr ago High" Low" May 13 May 12 May 9 May 8 May 7
 Govt. Secs. (UR)
 97.51
 97.23
 96.57
 97.20
 98.59
 82.27
 97.51
 93.31
 GRt Edged bar

 Fluid Interest
 121.39
 121.02
 121.24
 118.57
 118.29
 111.85
 121.39
 115.32
 5-day average

US INTERES	· n		QUI-	and Bond Yields	_
Guee		One month	DWZ 5	Two year	
Prime rate	812	7wa month		Three year.	20000
Broker Inan rate	812 74 57	Three month	5.18	Five year	0.
	5,7		5.51	10-year	£.
Fed.funds at intervention	5,7	Six month	5.51 5.82	10-year 30-year	

BOND FUTURES AND OPTIONS Open Sett price Change High Low Est. vol. Open Int. 122.201 167.432 +0.26 130.72 +0.22 +0.22 129.06 96.18 128.76 I LONG TERM FRENCH BOND OPTIONS (MATIF) 3.39 2.42 1.51 2.12 1.35 0.76 0.34 2.50 1.81 1.22 0.74 0.01 0.05 0.13 0.69 1.00 1.40 0.31 0.53 0.94

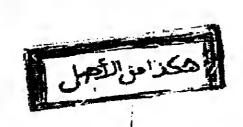
M NOTIONAL GERMAN BUND FUTURES (LIFFE) DM250,000 100ths of 100% Open Sett price Change High 102.05

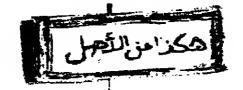
	Ореп	Sett price	Change	High	Low	Est. vol.	Open int
Jun	115.80	116.09	+0.33	118.18	115.78	84,830	89.820
Sep	115.25	115.30	+0.29	115.31	115,11	1.669	2.101
UK							
M NOTTO	ONAL UK	MELT FUTU	RES (UFF	E)" £50,000	32nds of	100%	
	Open	Sett price	Change	High	Low	Est. voi	Open int
Jun	114-06	114-17	+0-10	114-20	114-03	74853	224591
Sep	114-15	114-27	+0-10	114-25	114-15	857	7763
LONG	GELT FUT	URES OF	TIONS (LIF	FE) £50,00	0 64ths of	100%	
Strike			us			PUTS	
Price	Jun		•	ep Jur		Aug	Sep
114	0-53			1S 0-18			1-28
115 116	0-22			49 0-52 19 1-37		1-42 2-15	1·59 2-29
ECU I	BONO FUT	URES (MA	TIF) ECU1	High	Low	Est. vol.	Open int.
Ecu Ecu Ecu An	BONO FUT	URES (MA Sett price 96.26	TIF) ECU1	00,000			
Ecu Ecu Ecu Ecu Lun Sep	BONO FUT Open 98.00	URES (MA	Change +0.26	00,000 High 98.28	Low	Est. vol.	Open int.
EGU EGU I	BONO FUT Open 98.00	URES (MA Sett price 96.26 95.88	TIF) ECU16 Change +0.26 +0.26	00,000 High 98.28	Low 95.96	Est. vol. 1,108	Open int.
ECU ECU I	BONO FUT Open 98.00	URIES (MA Sett price 96.26 95.88	Change +0.26 +0.25	00,000 High 98.28 -	Low 95.96	Est. vol. 1,108	Open Int. S,S15
EGU III EGU II	BONO FUT Open 96.00 - REASURY I	URES (MA Sett price 96.26 95.88 BOND FUT Sett price	Change +0.26 +0.26 +0.26	00,000 High 98.28 	1.0w 95.96 0 32nds o	Est. vol. 1,108	Open int.
EGU EGU I	BONO FUT Open 98.00 - REASURY I	URES (MA Sett price 96.26 95.88 BOND FUT Sett price 110-15	Change +0.26 +0.25 URES (CE Change +0-21	00,000 High 98.28 - IT) \$100,00 High 110-15	95.96 95.96 0 32nds 0	Est. vol. 1,108 f 100% Est. vol. 434,687	Open int. S,S15 Open int. 495,480
EGU EGU I	BONO FUT Open 96.00 - REASURY I	URES (MA Sett price 96.26 95.88 BOND FUT Sett price	Change +0.26 +0.26 +0.26	00,000 High 98.28 	1.0w 95.96 0 32nds o	Est. vol. 1,108	Open int. 5,815 Open int. 495,480 65,327
EGU III Sep Am Sep US TF Am Sep Oec	BONO FUT Open 98.00 Open 109-24 108-20	URIES (MA Sett price 96,26 95,88 BOND FUT Sett price 110-15 110-02	Change +0.26 +0.25 URES (CE Change +0-21	00,000 High 98.28 - IT) \$100,00 High 110-15 110-02	Low 95.96 0 32nds 6 Low 109-22 109-10	Est. vol. 1,108 100% Est. vol. 434,687 7,495	Open int. S,S15 Open int. 495,480
EGU EGU I Am Sep US TF Lin Sep Oec	BONO FUT Open 98.00 - REASURY I Open 109-24 108-13 103-20	URES (MA Sett price 96.26 95.88 80ND FUT Sett price 110-15 110-02 109-11	Change +0.26 +0.25 URES (CE Change +0-21 +0-20	00,000 H5gh 98.28 	Low 95.96 - 0 32nds o Low 109-22 109-20	Est. vol. 1,108 £ 100% Est. vol. 434,687 7,495 4,051	Open int. 5,815 Open int. 495,480 65,327
EGU	BONO FUT Open 98.00 - REASURY I Open 109-24 108-13 103-20	URES (MA Sett price 96,26 95,88 80ND FUT 110-15 110-02 109-11	Change +0.26 +0.26 +0.26 URES (CE Change +0-21 +0-20	00,000 High 98.28 - IT) \$100,00 High 110-15 110-02	Low 95.96 - 0 32nds o Low 109-22 109-20	Est. vol. 1,108 £ 100% Est. vol. 434,687 7,495 4,051	Open int. 5,815 Open int. 495,480 65,327
EGU	BONO FUT Open 98.00 Open 109-24 108-13 109-20 ONAL LON	URES (MA Sett price 96,26 95,88 80ND FUT 110-15 110-02 109-11	Change +0.26 +0.26 +0.26 URES (CE Change +0-21 +0-20	00,000 H5gh 98.28 	Low 95.96 - 0 32nds o Low 109-22 109-20	Est. vol. 1,108 # 100% Est. vol. 434,687 7,495 4,051	Open int. 5,815 Open int. 495,480 65,327
EGU	BONO FUT Open 98.00 REASURY 109-24 109-13 109-20 DNAL LON) Y100m 11	URES (MA Sett price 96,26 95,88 80ND FUT 110-15 110-02 109-11	Change +0.26 +0.26 Change +0.21 +0.20 Change +0.20	00,000 High 98.28 - IT) \$100,00 High 110-15 110-02 108-20	95.96 - 0 32nds o 109-22 109-10 109-20	Est. vol. 1,108 # 100% Est. vol. 434,687 7,495 4,051	Open int. 5,815 Open int. 495,480 65,327 10,328

Notice Part	UK GILTS	PRIC	ES												
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201 94 pt 1991 95 6.3 102 102 100 100 100 100 100 100 100 100					_						_			_	71-30 41
Trees 7*4pc 1968tt									_				_		
Trees 152 pc 1984					_							-		1014	
Section 12 pc 1988 11.16 6.67 107/2 ml + 114/2 107/3 mes 92 2000 # - 7.00 1153 + 1158 1034 2-pc 71								Trope 7 1/4pc 2007#	7,18	6.94	1021	+4	102	95%	
Team Fig Rate 1938 -								Treas Spc 2006 ##	7,80	7.00	1155	+16	11543	103社	
Team Fig Rate 1938 -								Tress 8pc 2009	7.43	7 03	1071	+3	10713	97%	21-20C 13 49-20 133 151 146() +13 150() 1375
11.19 6.74 109.7 109.8		0.11	-					Tetas 6 1/4ec 2010±±	8.72	7.08	9921			-	2 200 16 \$1.0 3.36 3.53 1988 +3 1814 1464
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These for 1996 # \$.00 8.73 86 \$.00 1073 1 .00 108.5 10					+4			00+ de m2011 ++	,,,,,	1.20			*****	10032	- 5
2000 2000	Trees 8pc 1998 ##	6.08	6.73	985			98,1								
Fees Spc 2000			6.50	10735ed	+4	11833								~-	Prospective real redemption rate on projected inflation of (1)
100 100	onv 9pc 2000##				+										
Trees Spc 2010 Tree					+3										
Total Tota					_					-	*****		***		1. 4 A A A A A A A A A A A A A A A A A A
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100 70 2001 1								Times 5129¢ 2000-1244_	8.33	6.61	85%	-	6733	76)3	
True Squ 2012-107;								Tours Spc 20132#	7.35	7.06	1000	+13	1094	95%	
Trees Spc 2015‡‡	ubas vbc 5mu #	6.97	6.85	70012	+4	1014	97	Texas 7 kmc 2012-1555	7.31	7.07	1057		10521	93%	
Trace 84-pc 2017## 7,43 7,07 1176] +½ 1176 1623 Trace 8pc 2021## 7,20 7,02 111& +½ 1176 858 Other Fixed Interest Trace 8pc 2002## 6.96 6.85 1005 +½ 1012 0733 Trace 84-pc 2002 8,70 6.96 112½ +½ 122½ 109¾											_				
Treas Spc 2021## 7.20 7.02 111½ +½ 171½ 85B Other Fixed Interest 1886 70: 2002## 6.96 6.85 1005 +½ 101½ 171½ 101½ 171½ 1886 8-4,00 2002 - 9.70 6.96 112½ +½ 122½ 109¾															
The ST PERSON Years THESE FOX 2002 8.70 6.96 1025 +1 1012 1721 THESE FOX 2002 8.70 6.96 1125 +1 1012 10914												_	-		
THE ST TO COUNTY								Treas Spc 2021#	7.20	7.02	1112	412	1114	85/3	Other Fixed Interest
ness 94,pc 2002 9,70 6,96 1121 ₃ +1, 1224 ₄ 1094 ₄															Mos Miles of
the terminal transfer of the Property of the P					+14										
TOTAL SEC 200511 7.00 G 81 1051 +1 10515 1002 ROSE OF RES PROSE															
Take 10th 2013 8.60 8.06 1151. al. 1163. 1113.		7.60	6.93	105%	++	105	10016								MODEL BY NEW LICET + OL LIGHT TOW

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CURRENCIES AND MONEY

Emerging market currencies suffer

MARKETS REPORT By Simon Kuper

fell yesterday, hit by the troubles of the Thai baht and by the forecast rise in Japanese interest rates.

Mr Avinash Persaud, currency strategist at J.P. Mor- Gaddum, tha bank'a vice gan, said many investors were now paying back the yen which they had borrowed at low interest rates in the last two years. They had been using tha money chiefly to buy high-yielding currencies such as the dollar, the baht, the South Afri-can rand and the Czech koruna. The baht led yesterday's plunge, hit by Thailand's growing current DM1.701. The dollar fell Y0.7 account deficit and fears for the Thai financial aystem. Several Asian central banks intervened jointly to try to

defend the currency.
The D-Mark touched a oneyear low against the yen on

leaks of a large expected German tax shortfall, as well as the prospects of a Japanese rate rise. Belief that Most emerging markets Germany is content with a currencies around the world weak D-Mark was reinforced weak D-Mark was reinforced when several Bundesbank council members said they were happy with the present dollar/D-Mark rate of about DM1.70. Mr Johann Wilhelm president, said there was no need to have concerns about the dollar now. He also said

> Y0.54 against the yen to Y69.58. The D-Mark's declina against the dollar was a more modest 0.4 pfennigs to

E Pour	d in New Y	ork
May 14	Latest	·- Prev. clo
£ spot	1.8435	1.6335
1 mph	1.6427	1.8327
3 mm	1.6411	1.8310
1 W	1.6343	1.6240

against the yen to Y118.3 as Sterling US producer prices for April registered their biggest drop since August 1993. That was seen to reduce chances of a Federal Reserve rate rise on Tuesday. But Mr Jesper Dannesboe, currency analyst at

ABN-Amro in London. warned that with most traders expecting no rate move, the dollar could surprise the markets. The currency received little help from a fall in Japan's current the planned single European account surplus for March. Most economists think the currency might be less stable than the D-Mark. The surplus will widen further. German currency dropped Tha pound rose on a stronger than expected fall in

April UK jobless figures, and on growing prospects for rate rises following Tueadata blocked the pound. It to prop up the baht. gained 0.9 cents against the the D-Mark to close in London at \$1.641 and DM2.790

■ It was the first known coordinated defence of a south east Asian currency. the Thai and Singaporean day's hawkish Bank of central banks, and allegedly England Inflation Report. those of Malaysia and Hong Only tame average earnings Kong too, united yesterday Yet the currency fell to its

dollar and 2 pfennigs against lowest lavel thia decade, dropping from Bt25.915 to tha dollar on Tuesday to close at Bt26.30. That was

DOLLAR SPOT FORWARD AGAINST THE DOLLAR.

Bt0.42 outside the trading interest rates was making limit normally maintained the markets more risk by the Bank of Thailand.

agreements between several south east Asian atates to defend each other's curren-

of nearly \$40bn. Indonesian rupiah, the South African rand and eastern European currencies.

Mr Persaud said the forecast rise in Bank of Japan

May 14		£		S	1
Czech R	50.7449		50,8251 30,942	١.	30,9720
Hungary	296,660		296,923 180,890) -	180.940
ran	4923.00		4920.00 3000.0	١.	3000.00
Kurwait	04964	-	1.4969 0.3027	١.	0.3028
Potand	5.1644	-	5.1708 3.149) -	3.1510
Ruseia	9444,76	•	9453.80 5759.0) .	5781.00
HAF	6.0234		6.0277 3.6726	١.	3.6732

averse. They were retreating However, forex strategists from high yielding, volatile said Thailand would with-stand pressures to devalue, those with large current thanks largely to a network account deficits. But he said of bilateral repurchase Japan may raise rates less

Mr Persaud and Mr David cies. Thailand says tha Simmonda, emerging maragreements give it access to kets economist at Citibank an extra \$40bn to \$50bn, on in London, forecast further top of its own forex reserves attacks on the struggling The baht dragged down That to go, then players ric the Malaysian ringgit, the with the pickings will enter 'where next' mode," said M Simmonds. He noted that immediately after the Mex can peso crisis of 199 emerging markets player had attacked the Hong Kong dollar. But Mr Richard Gray emerging markets analyst a Bank of America in L said: "The central defence pacts aren't

vet in eastern Europ

there's no reason wh

shouldn't be."

W \$ LIBOR FT Landon Interbenk Fixing US Dollar CDs ECU Linked Ds quickly than some in the market think.

MONEY RATES

\$ LIBOR Interburk fising rases are offered rates for \$10m quoted its reference barks as 11am each working day. The banks are: Bankers Missubskit, Berclays and National Westminster. Add rates are shown for the durchate Money Rates, US\$ CDs, ECU & SDR L

EURO (CURRENC	THE Y	REST	RATES		
May 14	Short term	7 days notice	One month	Three months	Six	One year
	342 - 343 342 - 214 342 - 214 343 - 344 344 - 344 344 - 344 346 - 344 347 - 346 347 - 346 348 - 346		34 - 34 54 - 54 54 - 54 54 - 54 14 - 11 31 - 3 51 - 54 62 - 64 64 -	316 - 316 Mart. 140 day	64 - 60 63 - 63 31 - 31	3,4 - 3,4 3,2 - 3,4 3,1 - 3,5 3,1 - 3,5 3,2 - 3,5 5,2 - 5,5 6,3 - 6,1 6,4 - 6,4 6,5 - 6,1 6,5 - 6,1
I INHEE	Open Sett	price Cher				Open int.
.he		56 +0.0	_		33.581	53 233

Italian Lin		-638 74	- 12 C	15 - 017	664 - 664	64 - 60	652 - 633	
Japanese Asian SSI		- 15 11 - 31 35	3 3	312		3,2 - 3,2	341 - 34	
	TRINGS MED CO						-10 -10	
	E MONTH						be .	
	Open	Sett price	Change	High	Low	Est. vol	Open int.	
Jun	96.54	96.56	+0.05	96.58	96:52	33,591	53,233	
Sep	96.57	96.80	+0.03	96.61	96.57	23,527	56,627	
Dec	96.54	96.58	+0.02	96.58	96.53	11,690	37,238	
P THRE	E MONTH	EURONA	RK FUT	URIES (LI	FFEF DM1	m points of	100%	
	Open	Sett price	Change	High	Low	Est. voi	Open int.	•
Jun	96.81	96.81	+0.01	96.82	96.80	10811	232656	
Sep	96.75	96.76 96.65	+0.01	96.79 96.86	96.75 96.62	16337 23839	208179 238800	
Dec Mar	96.63 96.51	96.54	+0.02	96.56	96.51	22690	192274	
	MONTH EL							
- ORE							_	•
	Open	Sett price	Change	High	LOW		Open int.	•
May	-	96.85	•	-	•	0	4092	
Jun Jul		96.83 96.82	-	•	-	0	1425 300	
Aug		96.81	- :	_ :		ŏ	5	
_	E MONTH		A 675779	DEC 4 KZ	- 	-		
= 1MM		_				_		
	Open	Sett price	-	_	Low	Est, voi		ı
Jun	93.22	93.33	+0.11	93.35	93.22	35391	106444	
Sep Dec	93.54	93.67 93.81	+0.13	93.68	93.54 93.69	19198 12619	86339 54357	
Mar	93.69 93.77	93.87	+0.12	93.88	93.77	4687	33798	
	MONTH EU							
- I FIREZ			_					
	Open	Sett price		_	Low		Open int.	
Jun	99.16	98.20	+0.02	98.22	96.17	4232	48757	
Sep	98.16 98.03	98,19 98,06	+0.01	98.22	98.16 98.03	2232 287	39327 25527	
Mar	97.83	97.96	+0.01	97,97	97.93	223	10405	
	E MONTH							
	Open	Sett price			Low		Open int.	•
Jun	-	99.33	-0.01			0	n/a	
Sep		98.13	-0.01			ŏ	n/a	
Dec	-	98.92	-0.02		-	ō	n/a	
THE	E MONTH	ECU FUT	JRES (L)	FFE) Bour	im points	of 100%		
	Open	Sett price	Change	High	Low	Est. vol	Open Int.	•
Jun	95.86	95.86	+0.01	95,86	95.84	549	7434	
Sep	95.86	96.86	+0.01	95.86	95.84	708	5774	
Dec	95.80	95.82	+0.03	95.81	95.79	191	5850	
Mar	95.72	95,74	+0,03	95.74	95,71	443	3285	
	tures elec Mai MURA OPTI		E) L1000	m points	of 100%			
Strike			LS -			PUTS ~		
Price	Jun			Dec	Jun	Sep	Dec	
9325	0.17			1.72	0.09	0.12	0.16	
9350	0.06			1.54	0.23	0.19	0.23	
9875	0.01	0.2	1 0	1.38	0.43	0.29	0.32	
-						155755 Pu		

May 14		Closing	Change	Bid/offer	Day's	Mid	One m	onth	Three r	nonths	One ye	ar P	Bank of
		mid-point	on day	spread	high	low	Pinte	%PA	Rete	%PA	Rate		ing. Inde
Europe													
Austria .	(Sch)		+0.1416	239 - 472	19,6883	19.4483	16.5821	3.3	19.4941	2.9		-	103,
Belgkım	(BFI)	57,5980		476 - 483	57.7300	57.0270	57.443	3.2	57.128	3.3	55.60B	3.3	103
Denmark	(DKr)			182 - 288	10.6505	10.4907	10.598	2.8	10.5455	2.8	10.324	2.8	105
Fintend,	(FM)		+0.0863	078 - 252	6.4320	6,3400				-		-	82.
rance	(FFr)		+0.0703	958 - 021	9.4220	9.3001	8.2747	3.1	a.3268	3.1	8.1042	3.1	106.
Sermany	(DM)	2.7898	+0.0201	882 - 913	2.7992	2.7609	2.7822	3.3	2.7662	3.4	2.6959	3.4	104.
eceers	(Dr)	445,822	+3.969	804 - D40	447.234	439,706		-	•	-	-	-	85.
reland	(12)	1.0777	+0.0016	763 - 791	1,0811	1.0724	1.0778	-0.1	1.0768	0.3	1.0698	0.7	99.1
laly	(4)	2748.00	+6.94	546 - 835	2757.86	2729.46	2748.6	-0.7	2750	-0.5	2753.85	-0.3	76.
плоствии.	(LFr)	57.5980	+0.4325	476 - 483	57.7300	57.0270	57.448	3.2	57.12B	3.3	55.696	3.3	103.
letherlands	(F)	3.1382	+0.0231	368 - 396	3,1461	3.1060	3.1297	3.3	3.1117	3.4	3.0336	3.3	102
Vorway	(NKr)	11_5582		497 - 666	11,5738	11,4091	11.5277	3.2	11,4682	3.1	11,2222	2.8	98.
ortugel .	(E=)	280.567	+1.961	440 - 693	281.191	277.915	280.417	0.5	280,042	0.7			94
Spain	(Pta)	235,592	+1.496	438 - 745	236,050	233,420	235.432	0.8	234,992	1.0	232.237	1.4	77.
Sweden	(SKI)	12,4778	-0.0366	678 - 877	12.5938	12,4894	12,4563	2.1	12,4083	2.2	12.2143	2.1	94.
Switzerland.	(SFr)	2.3632	+0.0188	616 - 647	2,3732	2.3410	2,3538	4.7	2.3347	4.8	2.2508	4.8	104.5
ac .	(2)	-	-		-	-		-					99.
cu	-	· 1,4311	+0.009	303 - 319	1,4338	1.4169	1.4284	2.2	1.4225	2.4	1,3954	2.5	
DRT	-	1.172653									1,000		
Imericas										_	_	_	
Vrgentina	(Pego)	1.6402	+0.0085	397 - 407	1.8417	1.8297		_		_			
razil	(35)	1.7511		504 - 518	1.7538	1.7412				_			
anada	(CS)	2,2733		722 - 744	2,2756	2.2599	2.267	3.3	2,2556	3.1	2.2138	2.6	84.3
	Pego)	12,9436		314 - 557	12,9557	12,8933		-					-
ISA	(5)	1.6405		400 - 410	1.6420	1.5300	1.8397	0.8	1.6381	0.6	1.6322	0.5	103.
acific/Middle				400 - 410	120	1-4500	LUCIO	0.0	I,cout (040	I,DOEG	9,1	IOL
wetrelle	(AS)	2.1085	10 0000	072 - 098	2.1098	2.0943	2.1079	0.3	2.108	0.5	2.0959	0.6	98.0
long Kong	(I-IICS)	12,5909		861 - 954	12.7025	12.6178	12.6848	0.5	12.6742	0.5	12.6395	0.4	80.0
rela	(Flat	58,7792		202 - 381	58.8381	58.4390	12.0040	wa	120/44	0.5	12.0383		
wael .	Shid	5,5693		626 - 760	5.5760			•	•	-			•
lacen	(N)	194,112		012 - 212		192,640	193.052	6.6	191,042		182,227		150 0
Anlaysia.	(MS)	4.1378		353 - 402	4.1415		193,002	O.D	191,042	3.3	162.227	8.1	128.0
lew Zealand		2.3582				4.1035	0.000		0.000		0.000		
	(NZS)			569 - 601	2.3601	23437	2.358	0.1	2,350	-0.1	2,3662	-0.3	114.3
happines	(Peso)	43.2682		140 - 224	43.3224	43.2140			•	-	•	•	-
Sauck Arable	(SR)	8.1529		508 - 548	8.1582	8.1135		•	-	-	-	•	•
Ingapore	(83)	2.3555		539 - 570	2.3571	2.3380		-	•	-	-	-	-
outh Africa	(FI)	7.3527		480 - 574	7.3574	7.2858	-	-	-	-	-	•	-
outh Korea	(Won)	1464.15		960 - 870	1468.70	1459.67		-	•	-	-	-	-
aiwan	(13)	45.5485		936 - D34	45,6034	45.2882	-	-	,	•	-	-	-
hallond	(80)	42,5710	+0.2493	760 - B6D	43,6660	42.2330	•	-		•	-	-	-

May 14		Closing mid-point	Change	Bid/offer apreed	Day's	mid low	One m	onth %PA	Three in	95PA	Page		
	_	······································	on day	apress	high	N.W	Tabo	70- A	пше	.arA	7410	%РА	4108
Europe													
Austria	(Sch)	11,9893	+0.0237	658 - 727	12.0220	11.9300	11.9468	2.3	11.8991	2.4	11.6493	2.7	103
Belgium	(BFr)	35.1100	+0.08	900 - 300	35.2500	34.8750	35.035	2.6	34.88	2.8	34,14	2.8	103
Denmark.	(DKr)	6,4758	+0.0132	745 - 770	6.5020	6.4568	6.464	2.2	6.4393	2.3	6.3273	2.3	105
Fintend	(FM)	5.1305	+0.0136	267 - 342	5.1535	5.1144	5.1185	2.8	5.0942	2.8	4,985	2.8	61
France	(FFr)	5,7293	+0.0129	290 - 295	5.7522	5,7069	5,7176	2.4	5.6949	2.4	5,5798	2.6	105
Germany	(DM)	1,7006	+0.0034	001 - 010	1.7085	1.6909	1.6969	2.6	1.6892	2.7	1.6522		104
Greece	(Dr)			710 - 610	272.970			-39	274,185	-3.6	280.46	-32	
Ireland	(193)			207 - 237	1.5237	1.5120	1.5215	0.5	1.521	0.6	1.5177	0.6	
Italy	<u>````</u>			406 - 480	1695.72	1674.06	1676.33	~1,4	1679.03	-1.1	1681.31	-0.4	76
Luxembourg	(LFr)			900 - 300	35.2500	34,8750	35.035	26	34.88	2.6	34.14	2.8	
Netherlands	(FI)			127 - 132	1.9238	1.9020	1.9089	2.6	1,9003	2.7	1.8599	2.8	102
Norway	NKri			425 - 485	7.0851	7,0174	7.0282	2.0	7.0027	2.4	6.877	2.4	98
										0.2			
Portugal	(Es)			000 - 050	171,700	170.980	171.01 143.61	0.1	170.945			0.8	94
Spain	(Pta)			560 - 660	144,200	143,100		0.0	143.533	0.2		0.9	77
Sweden	(SKr)			023 - 098	7,7111	7.6023	7.5967	1,5	7.5761	1.6	7.4816	1.6	83
Switzerland	(SFr)			400 - 410	1.4486	1,4338	1,4356	4.0	1.4259	4.1	1.3801	4.2	104
UK	(E)			400 - 410	1.8420	1.8300	1.6397	0.5	1.6381	0.6	1.6322	0.5	98.
Ecu	-	1_1464	-0.0012	461 - 468	1.1480	1.1420	1.1479	-1,5	1,1512	-1.7	1.1668	-2.0	
SDR†	-	0,72185						-				-	
Americas													
Argentina	(Peso)	0.9998	-0.0001	998 - 998	0.9998	0.9998		-	-	-	-	-	
Breezil	(R\$)	1.0674	+0.0002	673 - 675	1,0891	1.0575		-	-			-	
Conada	(CS)	1.3858	-0.0014	855 - 860	1.3888	1,3849	1,3828	2.6	1.3773	2.5	1,3583	2.0	84
Mexico (Ne	Pesol	7.8900	-0.015	850 - 950	7.8950	7.8850	7.9985	-16.5	8.2	~15.7	9,195	-16.5	
LISA	(5)		-			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,							104
Pacific/Middle		Africa											
Australia	(AS)	1,2853	-0.0013	849 - 857	1,2857	1,2841	1,2857	-0A	1,2858	-0.2	1.2848	0.0	98
Hong Kong	(I-RCS)	7.7359		354 - 364	7.7402	7.7354	7,7369	-02	7.7383	-0.1	7.7484	-0.2	-
ndia	(Rs)	35.8300		050 - 560	35,8550	35,8050	35.92	-3.0	36.205	-4.2	34.01	5.1	
srael	(Shk)	3.3949		916 - 979	3,4024	3,3919	00.32	-0.0	55203	-7.2	01.01	-	
lanan	(3)	118.325		300 - 350	119,150	116,130	117.77	5.6	116.665	5.6	111,765	5.5	128
													120
Malaysia	(M\$)	2.5223		215 - 230	2.5260	2.5173	2.5246	-1.1	2.5287	-1.0	2.5456	-0.8	
New Zealand	(NZ\$)	1,4375		368 - 382	1.4382	1,4386	1,4383	-0,7	1,4407	-0,9	1,4508	-0.9	
hilippines	(Peso)	26.3750		500 - 000	26,4000	26,3500							
Saudi Arabia	(SR)	3.7506		505 - 507	3,7507	3,7505	3,7508	-0.1	3,7513	-0.1	3.7542	-0.1	
Singapore	(SS)	1.4358		353 - 363	1.4379	1.4320	1.4342	1.4	1,4301	1.8	1.4083	1.9	
South Africa	(FO	4.4820		806 - 835	4.4880	4,4630	4.5215	-10.6	4,599	-10 <i>A</i>	4,897	-9.3	
South Korea	(Won)	892,500	-0.25	000 - 000	895,000	890,000		-		-		-	-
awan	(15)	27,7850	-0.01	400 - 900	27.7900	27.7400	27,7657	0.0	27.267	0.0	27.7713	0.0	-
hailand	(Bt)	25,9500	+0.016	000 - 000	26,6000	25,9000	26,0113	-2.8	26.135	-2.9	26,705	-2.9	
SDR rate per poted to the m 3: Bene average he exchange m	\$ tor M writed be no 1990:	at the impli-	offer spread and by curre	ds in the Dol and palerest ra	ter Spot tels inse. UK, Ire	ite show or itend & ECX	nly the last U are quot	throa de ed in US	ecimal place			ne not d	
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				I									
CS	\$	Y	Ecu										
36 3.947	2.848	337.0	2.484	11									
				1 1									
41 2.140	1.544	182.7	1,347	l.l	_								
64 2.419	1.745	206.5	1.523	1 1	-					This	annea		
68 n 815	A 588	90 KR	0.513							1 (1)5	addea	IN BS	a 1

CROS	S RAT	res A	ID DE	RIVA	TIVE	\$												
EXCHA	NGE.	CROS:	RAT	ES														
May	14	BFr	DKr	FFY	DM	38		Я	NKr	E	Pt∎	SKr	SFr	£	CŞ	\$	<u>Y</u>	Ecu
Jelgium	(BFI)	100	18.44	16.32	4.844	1.871	4769	5.449	20.07	487.1	409.0	21.66	4.103 2.224	1.736	3.947	2,840		2,484
enmerk rance	(DKr) (FFr)	54.22 61.28	10 11.30	8.847	2.826 2.968	1.014 1,147	2586 2923	2.954 3.339	10.88	264.1 298.5	221.8 250.7	11,75 13,28	2.514	0.941 1.064	2.140			1,347
ermany	(DM)	20.65	3.808	3.369	. 1	0.386		1.125	4.143	100.6	94.45	4.473	0.847	0.358	0.815			0.513
stand	(12)	53.44	9.857	8.721	2.589	1	2540	2.912	10.72	260.3	218.6	11.58	2.193	0.928	2.109			1.328
y .	ED .	2.097	0.387 · 3.385	0.342	0.102	0.039	100	0.114	3.683	10.21 69.40	8.577	0.454 3.976	0.086	0.038	0.083 0.724	0.060		0.052
etherlands orway	8 (FI) (NKA)	18.35 49.83	9.191	2.995 8.132	2.414	0.932	875.3 2377	2:715	10	242.7	75.07 203.6	10.80	2.045	0.865	1.967	1.419		
ortugal	(Es)	20.53	3.786	3.350	0.994	0.384	979.1	1.119	4.120	100	83.97	4.447	0.842	0.356	0.810			
pain	(Pta)	24.45	4.509	3.960	1.184	0.457	1166	1.332	4.906	119.1	100	5.296	1.003	0.424	0.965			
weden	(SKr)	46.16	8.514	7.533	2.238	0.864	2201	2.515	9.263	224.9	198.8	10 5.280	1.894	0.801	1.822			
witzerland K	(SFt) (E)	24.37 57.60	4.496	3.877 9.389	1.181 2.790	0.456 1.078	1162 2747	1.326 3.138	11.56	118.7 280.6	235.6	12.48	2,383	0.423	2.273	1.641		1.43
anada	(CS)	25.34	4.673	4.134	1.227	0.474	1208	1.380	5.084	123.4	103.6	5.489	1.039	0.440	1	0.72		
SA	(\$)	35.11	6.476	5.729	1.701	0.657	1674	1.913	7.046	171.0	143.8	7.608	1.441	0.610	1.386	1	118.3	0.672
rban	(1)	29.67	5.473	4.842	1.437	0.555	1415	1,617	5.954	144.5	121.4	6.428	1.217	0.515	1.171	0.84		0.737
W		40.25	7.424	6.568	1.950	0,763	1920	2,193	8.077	196.1	164.6	8.720	1.651	0.699	1.588	1.146	133.0	
nish Kroner,	French Fr	enc. Norweg	lan Moner.	and Gwa	dish Krono	r per 10;	Belgian Fri	nc, Yen, Es										
D-MARI	K FUYUF	BES (IMM)	DM 125	,000 per	DM					APANE	SE YEK	FUTUR	(IMMI)		per Ye	an 100		
	Open	Ladest	Chang	e Hig	ph L	OW I	Est. vol	Open int.			Open	Letost	Change	High	h I	FOM	Est, voi	Open ir
m	0.5910	0.5882	-0.002				20,599	78,842	Jun		1.8480	0.8465	-0.0014			8462	23,548	78,399
P	0.5920	0.5917	-0.003			5913 5952	255 38	3,539 481	Sep		0.8585	0.8591 0.8695	-0.000	7 0.862		.8575 .8645	671 24	2,539 726
SC	0.5952	0.5960	-0.003	2 0.58	0.	JOUE.	30	701	-			0.000		_	-		~~	
SWISS I	FRANC I	TUTURES	(IMM) S	Fr 125,0	00 per S	Fr			= 5	TERLER	o FUTU	RES (M	M) 262,50	2 per 0				
-	0.8982	0.6937	-0.004	6 0.70	01 01	9829	16,535	41,724	Jun		.6326	1,8414	+0.0086	3 1.641	14 1.	.6358	11,369	38,295
ari Bip	0.7025	0.7005	-0.005			7005	160	2,443	Sap		.6350	1.6356	+0.0054	1.636	34 1.	6344	80	1,058
BC .	0.7080	0,7105	-0.002	6 0.71	05 0.7	7080	10	440	Dec		-	1.8310	-	1.635	50	-	3	110
		-	-	_	_				EM	S EU	ROPE	AN C	URRE	NCY	UNIT	T RA	TES	
UK IN	TERE	ST RA	TES				1000		May		Ecu c		Teste	Change		-/- from		ad Div
ONDO.		NEY F	ATES							••	rate		nst Ecu	on day		n. rate	v weak	
_	H MIC	Over-	7 days		. 17	ree	Six	One	Irela	nd	0.7987	09 0.7	56711 -	0.00317	4 -	5.26	7.84	35
ey 14		night	notice	mon			months	year	Port	ugal	197.3		96.973	+0.42	_	0.22	2.39	
	-4	64 - 54	63 - 6	g 63g -	5& 6 ¹ 2	- 63 ₂ 6	B - 62	6 12 - 6 12	Finis		5.854		90286	+0.0040		0.93	1.33	
terbank Str erling CDs					64 64			8登 - 6登	Spain	Р	163.8		85.382 930.38	+0.20		1.25	1.21 0.60	
easury Billi		~	-		65 65			-	Denr	merk;	7.345		45825	+0.013		1.55	0.61	-11
ank Billia		-1 -			뜷밿	- 65 6 - 61 6	614	623 - 633		erlends	2.169		20357	+0.0040		1.56	0.60	
cal author	tty decs.	.6 ¹ s - 6	6 ¹ 2 - 6			- 016 0	22 - 023	032	Gern		1.925	73. 1		+0.0039	4	1.75		-17
Languard Man		RL R	610 - 6			-							95940				0.41	
lacount Ma	vicet depe		612 - 6	•		-	•		Aust	rta	13.54	85 1	3.7912 0.4416	+0.027	6	1.79	0.37	_13
	vicet depe	-	-	•		- / 6, 199	•			ria kum		85 1 91 4	3.7912	+0.027	6	1.79	0.37	-19 -13
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	vicet depe	-	ato 6¼ p	per cent.	from Meg 3 tib mo	3-6 onths	7 6-9 months	months	Aust Beig Propo	rta kum co ERM M	13.54 39.71 6.458	85 1 91 4 83 8	3.7912 0.4416 .59865	+0.027 +0.081 +0.010	6 11	1.79 1.82 2.17	0.37 0.34 0.00	-13 -13 -16
K clearing	benk bes	e lending o	ute 6 ¹ 4 p Up to month	er cent 1 1- 1 mor	from Meg 31 : 1th ma	3-6 anths 5	7 5-B months		Aust Belg Propo	rta kum co ERM M	13.54 39.71 6.458	85 1 91 4 83 8	3.7912 0.4416 .59865	+0.027 +0.081	6 11	1.79 1.82	0.37	-13 -13 -16
K clearing arts of Tax arts of Tax	benk bes benk bes dep. (21) dep. under	e lending (00,000) \$100,000 in	ute 614 p Up to month 212 212pc. De	oper cent.	from Mer 3 http://mc	5 or cash 1	7 8-9 months 5	months 43 ₄	Aust Belg Prom NON Gree UK	ria ium co ERM M co	13.54 39.71: 6.458 EMBERS 295.2: 0.7931/	85 1. 91 4 83 8 83 8 89 3 03 0.7	3.7912 0.4416 .59865 12.558 01326 -	+0.027 +0.081 +0.010 +0.86 -0.0689	5 6 1 1 2 –1	1.79 1.82 2.17 5.86 1.57	0.37 0.34 0.00 -3.46 15.54	-13 -13 -16
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This appears es a matter of record only.

TPG Partners II, L.P.

\$2,500,000,000

A private equity partnership formed to execute corporate acquisitions and restructurings.

April 1997



Texas Pacific Group

Matif to cease potato trades

By Andrew Jack in Paris

The Matif, the Paris-based futures exchange, yesterday announced that it would close down its potato con- and shifted to Paris in 1993. tracts because of declining interest in the market.

Tha move narrows the modities products. The contract which matures on May 27 will be the last, and discussions for contracts expiring in November and December this year, which had been suspended during February, have been abandoned. tance over the past few

By Kenneth Gooding,

Mining Correspondent

The silver market is moving

in the direction of a genuine

tightening of supply, accord-

ing to the latest World Silver

Survey. published yesterday.

the Washington-based Silver

Institute, says 800m ounces,

or 24,800 tonnes, of ailver

wera drawn from stocks

between 1991 and the end of

last year because supply had

not kept pace with demand.

stocks would be eliminated

and demand continued at

the same level for another

that cannot be identified,

such as bars and coins held

in the Middle East and the

Nevertheless, the survey,

Indian sub-continent.

four years.

It says identifiable silver

The report, produced for

ated in the northern city of Lille in 1984. It transferred to the Matif after the exchange's creation in 1988

From a recent peak of 134 average daily trades in 1994, the volume had declined to exchange's range of com- just 20 transactions a day during the first few months of this year.

The Bintje potato brand, which was the underlying product on which the futures contract was based, has also declined in impor-

Silver supply gap set

to widen, report says

fall in stocks begins to make a noticeable difference to the

availability of silver to the

market. "When this point is

reached, shortages of physi-

cal metal begin to be more

obvious to market partici-

per cent of the market four years ago to no more than 30 per cent today.

of the few remaining brokers operating in the Parls mar- longer operates. ket also ceased trading in the contracts, reducing the number of those still involved to three and creating an increasingly illiquid

Matif said that in addition, there was a "financial risk" of continuing to operate in a speculative market for interuary, have been abandoned. tance over the past few mediaries and the clients A market for potato years. It has fallen from which remained, which often

futures in France was cre- between 60 per cent and 70 had a very limited capital that all three contracts

The potato closure comes after the coffee futures mar- ues to study the potential for At the end of last year, one ket was shut down in 1994. operating new commodities The cocoa market also no contracts as demand

However, Matif continues to maintain its interest in increasing price fluctuations commodities, with three con- for those goods formerly regtracts now trading - including two opened within the past three years.

It opened a contract for rapeseed in late-1994 and last wheat futures. It also oper-

World silver market

would be maintained.

In addition, Matif continincreases, notably where there are prospects of nlated by the European

year created a contract for Matif's total business, which is concentrated on financial

Union's Common Agricultural Policy. However, commodities repent a small proportion of ates a white sugar contract. interest rate and currency Officials stressed yesterday products.



Metals prices continue to ease

MARKETS REPORT

For the second successive day metal prices eased, taking a breather after recent strong gains on the London Metal Exchange. All LME prices closed slightly down last night. Zinc suffered the least with the price of metal for delivery in three months touching this year's peak of \$1,340 a tonne before falling back slightly by the close.

Three-month copper was virtually unchanged from Tuesday's level at \$2,416 a tonne even though initially it was given a price boost from a reported 2,825 tonnes fall in LME stocks.

"The copper market con-tinues to confound most observers," said Mr Jim Lennon, analyst at Macquarie Equities, part of the Austra-lian banking group. "There is less consensus among analysts on the outlook than for any other metal. Price forecast averages for 1997 and 1998 vary by more than 50 cents a pound (\$1.102 a tonne) and the first half of the year is almost over."

Mr Lennon said the present low copper stocks made him bullish about the short term, "but the second half of the year remains a quagmire of uncertainty".

Mr Chris Green, chairman of Barclays Metals, in his latest Copper Letter, suggests that three-month copper might soon reach \$2,500 a toune. But further price rises from these levels will be accompanied by a widening backwardation [premium for metal for immediate delivery) and thus a cash price likely to hit \$2,600 before the month of June, if not May, is out.".

The Silver Institute's suggestion that supply was tightening in the silver market caused little impact and the metal closed in London up 1 cent at \$4.86 an ounce. COMMODITIES NEWS DIGEST

Centrica agrees gas export deal

Centrica, the demerged gas trading and supply arm of the former British Gas, yesterday announced its first gas export contract to continental Europe. The company, which has been saddled with a substantial gas surplus as a result of the phased introduction of competition in the UK gas market, will sell up to 3bn cubic metres of gas to Thyssengas, of Germany, over a seven-year period.

The gas exports will begin as soon as the new interconnector linking the UK to continental Europe is completed towards the end of 1998. Export contracts totalling 48bn cubic metres of gas have been signed so far for the inter-connector, which will run from Bacton, on the Norfolk coast, to Zeebrugge in Belgium.

The signing of the latest gas export contract from the UK coincides with publication of a report which suggests that the interconnector will lead to a convergence of the widely different UK and continental European gas markets. Wood Mackenzie, the energy industry consultants, said convergence was likely to include a move in continental Europe to reduce the indexation link between gas and oil prices. It also predicts shorter timeframes for the "take or pay contracts" that are the norm in continental Europe. These require buyers to pay for gas even if market conditions mean it no longer needs

Warning on unwanted beef

the contracted amounts.

Stocks of unwanted beef in the European Union could rise to 1.5m tonnes by 2005 if the beef regime is not reformed, according to a European Commission report. The report said EU budget expenditure on beef was at a historically high level, both as a share of the total budget and in absolute terms. It gave a detailed analysis of the expected production and consumption of beef in the EU, which supports the push for reform of the common agriculture policy which Mr Franz Fischler, European agriculture commissioner, has been making. Proposals to reform the beef regime are due after the inter-governmental conference in June, and are due to be put in effect in 1999.

Annual net prodoction of beef and veal in the EU is close to 8m tonnes, while consumption before the BSE crisis was about 7.5m tonnes. Per capita consumption has been gradually declining for many years, and had fallen to about 20kg before the UK government's revelation last year of a possible link between eating BSE-infected beef and Creutzfeldt-Jakob disease, the fatal human brain condition. That cut consumption to 18.6kg a head, with total EU consumption falling by 7 per cent in the year, or Maggie Urry, London more than 500,000 tonnes.

GUE WHAT'S

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> 12 kg. 144 i, Fit with

Approval for mine expansion

Chilean environmental authorities have approved the planned US\$473m expansion of the Escondida copper mine, in which Australia's BHP has a 57.5 per cent stake and London-based RTZ-CRA holds 30 per cent. Work on the copper oxide leach project will start immediately, and first cathode production is scheduled for the end of 1998. Meanwhile, the Queensland branch of the Australian Workers Union said that about 500 BHP employees would stop work today, in protest at the company's cuts in its

Australian steel operations.

JOTTER PAD

Nikki Tait, Sudney

COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE

	Cash	3 miles
Close	1628.5-29.5	1656-57
Previous	1640.5-41.5	1667-8
High/low		1670/1650
AM Official	1624-24,5	1650-50.5
Kerb close		1655-56
Open int.	277,672	
Total daily turnov		
M ALUMINIUM	ALLOY (\$ per tor	nce)
Close	1492-96	1515-18
Previous	1495-500	1521-24
High/low		1520/1513
AM Official	1485-90	1513-17
Kerb close		1515-20
Open int.	5,592	
Total daily turnov		
LEAD (\$ per		
Close	607-8	818-9
Previous	613.5-4.5	625-6
High/low	603-3.5	624/615
AM Official Karb close	003-3.5	815-5.5 621.5-2.5
Open int.	36,357	021,2-2.3
Total daily turnov		
NICKEL (S p		
Close	7615-25	7730-35
Previous	7660-70	7765-70
High/low		7770/7720
AM Official	7595-600	7710-15
Kerb close		7720-30
Open int.	na	
Total daily turnov		
TIN (5 per to	nne)	
Close	5660-70	5710-20
Previous	5670-80	5720-25
High/law	SPEO EF	5735/5090
AM Official Kerb close	5650-55	5705-10 5735-40
Open int.	15.898	3/30-0
Total daily lumow		
	l high grade (S p	er tonne)
Close	1314.5-15.5	1332-33
Previous	1316-7	1335.5-38
High/low	1309/1308	1340/1324
AM Official	1308.5-09	1327-28
Kerb close	01 011	1336-39
Cara las		

LME Closing 2/\$ rate: 1.8405 Sout: 1,6408 3 wife: 1,6384 6 mile: 1,6359 9 mile: 1,6338 HIGH GRADE COPPER (COME) 114,00 +0.80 114.00 112.50 1,108 2,609 114.10 +0.80 114.10 112.50 382 3,155 113.80 +0.70 113.90 112.50 6,937 28,630 111.85 +0.65 111.90 110.80 308 1,720 709.90 +0.40 109.85 109.00 791 5,885 108.40 +0.30 108.00 107.40 24 1,015

2471.5-73.5

2478-80

140,155

PRECIOUS METALS M LONDON BULLION MARKET (Prices supplied by N M Rothschild)

E COPPER, grade A (\$ per to

Gold(Troy oz) \$ price Close 348.10-348.60 Opening 348.10-349.60 349.00 213.18 504.13 349.10 212.97 504.00 349.30-349.80 348 00-348 M Previous close 347.90-348.40

Loco Ldn Mean Gold Landing Rates (Vs USS)

2 months		nths4.76
Silver Fix	p/troy oz.	US ets equiv.
Spot	298.05	487.35
3 months	302.35	493.60
8 months	306.55	499.75
1 year	315.75	513,45
Gold Coins	\$ price	£ equity.
Krugerrand	348-350	212-213
Maple Leaf	-	-
New Sovereign	- 81-84	49-51

found to be unavailable in the quantities, qualities and locations required. "It is abundantly clear that stocks of silver bullion

are being steadily transformed into fabricated prod-ucts and that, if the existing holders of the remaining if the gap between supply stocks of bullion should choose to maintain rather than to dispose of their holdings, the only way that the "But it would be simplistic market will achieve a balto forecast that four years ance between the other comfrom now the silver market ponents of fabrication will run out of stocks with a mine production, scrap and resulting price boom," it official sector sales - is via a points out. There are still significant increase in the substantial stocks of silver silver price."

This is the third survey of the world silver market proby private investors, mainly duced for the institute by the Gold Fields Mineral Services consultancy. It suggests that the "gap" between sponsored by 28 silver min- fabrication demand (803.3m ers. refiners, fabricators and ounces last year) and the bullion banks from nine combined total of supply countries, suggests there from mine production

GOLD COMEX (100 Troy oz.; \$/troy oz.)

PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.)

SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

CRUDE OIL NYMEX (1,000 barrels, S/barrel)

ENERGY

2415-1S

2419-20

E CRUDE OIL IPE (\$/barrel)

173.00 +2.35 175.00 172.05 1,611 8,365 171.40 +1.85 171.50 169.50 152 3,388 171.40 +1.85 171.00 171.00 16 384

-3.0 484.0 483.0 51 130 -4.0 489.5 483.0 10.433 56,282

-4.0 493.5 489.0 299 5,506 -4.0 501.0 496.0 1,091 7,472

-4.1 - - 1 17 -4.2 508.0 508.0 16 7,319

-0.48 21.34 20.85 40,838 57,179 -0.35 21.24 20.88 40,260 80,047 20.83 -0.29 21.06 20.78 15.006 38.069 20.78 -0.21 20.93 20.68 5.074 20.938 20.66 -0.22 20.75 20.58 1.924 15,731 20.60 -0.10 20.88 20.55 1,794 15,405

-0.26 10.44 19.20 9,096 19,921

-0.22 19.34 10.12 16.548 81,318 -0.17 19.30 19.11 3,388 24,372 -0.12 19.27 19.12 1,154 10,934

-0.13 19.27 19.10 310 6.765

HEATING OIL MYMEX (42,000 US gails.; c/US gails.)

170.75 -2.50 171.75 169.75 6,338 23,847 172.00 -2.00 172.75 171.25 3,437 10,124 173.75 -2.00 174.00 173.00 728 7,840 175.50 -1.50 175.50 174.50 349 3,846 176.50 -1.50 176.50 176.50 336 3,646 176.50 -1.50 178.25 177.50 47 1,657 11,637 62,327

Latest Day's Open price change High Low Vol int

2.250 +0.001 2.250 2.190 14.845 33.413

2 250 +0.041 2 260 2 295 5 661 29.052

2.220 +0.029 2.230 2.215 1,811 15,289 2.220 +0.025 2.225 2.210 1,187 17,680 2.320 +0.035 2.320 2.310 267 7,888

63.00 -1.76 64.60 62.90 15.838 40.140

81.30 -1.05 62.35 61.30 1,559 9,841

60.30 -0.76 60.80 60.30 208 3,616 58.30 -0.71 58.40 58.30 56 3,194 57.65 -0.57 57.65 92 1,836

-1.38 63.60 62.15 6,638 27,405

30,965 205,615

24,419 93,723

MATURAL GAS IMMEX (10,000 mm8a; SymmBir.)

III UNLEADED GASOLINE NYMEX (42,000 US galls; c/US galls;

117,439 401,365

Mary Jul Aug Sep Oct Dec Total

30.0 58.5

will be a point at which the (492.6m ounces) and scrap (150.8m ounces) widened in 1996 to 160m ounces (nearly 5.000 tonnes) but was still below the record 180m ounces (5,600 tonnes) in 1993. But, GFMS points out that,

while these developments pants, with silver being pointed to an improvement in silver's fundamental situation last year, "there was little evidence from the price to suggest investors were returning to the silver market". Indeed, said Mr Stewart Murray, GFMS chief executive, "it was a pretty uninspiring year for the silver price".

A big contributing factor was "the widespread view among investors, and in particular investment funds, that the action was to be found in other commodity markets or, even more so, in the stock market. For much of the year precious metals were effectively sidelined as far as the investment community was concerned". World Silver Survey. The

Silver Institute, 112 Sixteenth Street, NW, Suite 240, Washington DC 20036 (within the US) or from GFMS, Greencoat House, Francis Street, London SWIP 1DH, UK.

■ WHEAT LIFFE (100 tonnes: € per tonne)

■ PLATINUM NYMEX (50 Troy oz.; \$/troy oz.) ■ WHEAT CBT (5,000bu min; cents/60th bushel) ■ COCOA CSCE (10 tonnes; \$/tonnes)

MAIZE CBT (5,000 by min; cents/56% bushel)

May 285.75 -3.50 290.25 285.00 3,904 5,727 Jul 283.50 -1.00 285.50 281.00 44,749125,268

■ BARLEY LIFFE (100 tormes; £ per tonne)

89.50 -1.00

93.50 -1.00

95.50 -1.00

89.00 -1.00 - - -

SOYABEANS CET (5,000by min; casts/60lb busbel)

SOYABEAN OIL CST (60,000bs; cents/b)

SOYABEAN MEAL CET (100 tons; \$/ton)

POTATOES LIFFE (20 tonnes; £ per tonne)

FREIGHT (BIFFEX) LIFFE (\$10/index point)

-20 1305 1285 -35 1275 1245 -30 1100 1163 - 1330 1330

Nuts and seeds
Prices from Kendor, USS a tonne, tracken
pistachios 28/30 raw (in shell) neturally
opened (round): RPPC prices at 4,200
CFR, up again due to very amell 1997
crop; long type only second hand. Walnots: US jumbo inshell 2,300 CPT Europe
the netter East East USB part 1000 CPT

nots: US jumbo inshell 2,300 CPT Europe duty patr; East Europe UHP mix 4,050 CPT Europe, falling due to slow sales, Turideh hazahruts standard No 1: stable, price idea 4,600, italian goods slightly incressed. Turidah and branian sultanes: 1,250 CFR MEP, firm with few goods, branian Industrial epideots: 1,780 CFR, MEP firming, lindian cashews: raw crop 1997 CFR Europe, W320 at 5,850, W240 at 5,950, US almondas crop 1996 23/25 SSR at 5,800 FAS down a bit: crop 1997 23/35 SSR

FAS down a bit; crop 1997 23/35 SSR 4.000 FAS market increased sightly after

FUTURES DATA All futures data supplied by CMS.

869.00 -11.25 879.00 863.50 1.210 2.527

684.00 -10.50 877.00 857.00 45.004100,702 852,75 -11.75 848.00 827.00 3.908 20,170 749.75 -5.25 754.50 746.00 1,640 8.211 704.50 -5.25 712.00 701.00 13,984 47,944 709.75 -4.75 713.50 706.50 375 3,509 66,308 183,777

23.53 -0.47 24.00 23.40 146 769 23.58 -0.36 24.29 23.74 9,780 48,433 24.05 -0.34 24.44 23.65 1.619 13.673 24.22 -0.34 24.57 24.10 491 8,344

24.27 -0.35 24.64 24.20 507 8,386 24.54 -0.35 24.88 24.43 2,449 18,350 15,800 88,825

302.4 -1.5 303.5 299.2 2,943 5,428

286.9 -1.8 292.4 285.2 17.618 51,973 274.1 -1.6 275.2 270.8 2,520 16,408 255.0 -1.1 256.0 253.2 1,227 9,430

235.8 -0.5 236.0 233.5 1.193 9.691 227.2 -0.0 228.3 225.0 3,142 19,019 28,786 115,016

: : : :

00 1,202

00 1,213

Jul Sep Mov Jan Har Hay Total

Coppe Lead Nickel Zinc

VOLUME DATA

- 718.0 115.0

283.50 = 1.00 285.50 281.00 44,7491;2,286 267.75 = 1.00 270.00 285.25 2,701 27,075 285.75 = 1.00 288.75 283.00 20,647110,010 277.75 = 0.75 274.60 280.00 743 12,126 275.75 = 0.75 276.00 274.00 43 1,140 73,122 287,211

993.8 +1.9 395.0 392.0 3.618 14,355 May 383.00 -5.00 390.00 380.00 54 152 May 394.8 +1.7 395.5 394.5 442 3,562 Jul 397.00 -8.50 397.00 385.00 18,812 53,589 Jul 397.0 +1.7 397.0 396.0 2 1,164 Sep 394.00 -7.75 404.00 392.50 2,119 12,675 Sep 399.5 +1.7 - 14 Dec 408.25 -7.00 418.00 404.00 2,100 18,778 Dec 4,962 18,115 May 390.00 -8.50 444.50 408.00 114 1,199 May 14.00

89.40 -1.10 92.00 88.40 32 226 91.50 -1.00 92.00 91.45 273 2.109 92.75 -0.86 - - - 72 94.75 -0.86 95.00 94.30 345 3.75 96.75 -0.85 96.00 96.40 123 1,484 98.75 -0.65 96.90 98.25 52 745 880 8.476

23.266 SL888

Precious Metals continued GRAINS AND OIL SEEDS

There are still large stocks of silver held by private investors

COCOA (ICCO) (SDR's/tonne)

COFFEE UFFE (5 tonnes; \$/tonne)

COFFEE 'C' CSCE (37,500lbs; cents/lbs)

170.00 +6.00 170.00 168.00

WHITE SUGAR LIFFE (50 tonnes; \$/tonne)

317.0 -0.5 318.5 318.6 2.241 12.892 307.7 +0.2 308.5 306.5 548 8.307 305.6 +0.8 308.1 304.7 39 1.722 304.8 +0.7 305.6 304.1 125 1.568 303.7 - 305.0 304.4 10 685

11.05 -0.06 11.11 10.8611.292 74.549 10.85 -0.05 10.89 10.77 4.074 40.834 10.76 -0.04 10.80 10.72 2,465 24,185 10.86 -0.00 10.74 10.68 237 5.878 10.62 -0.00 10.68 10.66 27 2,603 10.55 -0.00 - 2 562

72.30 -0.03 72.40 72.05 2.929 38.321 73.71 +0.02 73.65 73.65 335 3.500 74.81 +0.13 74.70 74.35 1.012 25.224

80.50 +2.10 80.60 77.80 3.460 17,198

4.431 73.627

75.80 +0.07 75.85 75.70 84 76.50 +0.07 - 1 76.90 +0.07 - 3

ORANGE JUICE NYCE (15,000tbs; cents/lbs)

303.8 -0.2 303.1 303.1 100

SUGAR '11' CSCE (112.000fbs; cents/fbs)

■ COTTON NYCE (50,000lbs; certis/lbs)

COFFEE (ICO) (US cents/pound)

261.50 +0.50 270.00 260.00 141

240.60 -0.55 248.50 236.00 6.057 15.973 215.50 +0.30 222.50 211.00 3,383 7,942 197.95 +2.00 195.90 188.90 881 4,608 177.55 +3.50 180.15 173.50 262 1,950

SOFTS COCCA LIFFÉ (10 tonnes; Extorne)

MEAT AND LIVESTOCK LIVE CATTLE CME (40,000ths: cents/lbs)

Sett	Day's change	High	Low	Vol	Open but			Day's	High	2,000	Yol	Opes
96	30 -3	984	984	7	67	Just	65,450	-0.275	65.800	65.375	5,969	32,896
38	-3	1002	995	1,064	30,518	Ang	65,400	-0.525	66.000	65,375	4,401	33,889
101	5 -2	1018	1014	334	14,528	Üct	68.950	-0.275	69,250	68,90D	1,088	16,553
100	18 -4	1014	1008	204	29,377	Bec	70.825	-0.026	70.950	70.750	820	9,206
101	7 -3	1021	1017	410	30,284	Feb	71,075	-0.025	71.175	71.000	353	5,087
100	28 -3	1031	1028	380	15,520	Apr	72,650	-0.05	72.850	72,700	64	1,553
				2,845	149,277	Total					12,715	98,184
XOA C	SCE (10	tonnes	s; \$/tor	meg)			EAN HO	GS CM	E (40,0	000lbs;	cents/	bs)
141	7 +27	1415	1415	19	25	Just	83,475	-0.575	84.500	83,400	3,779	16,409
142	2 +13	1425	1412	3,984	31,680	Jul	84.125	-0.475	85.050	83,850	2,264	8,676
145	3 +14	1454	1445	768	13,299	Apg	81,575	-0.275	B2.100	81.275	1,034	7,382
148	4 +14	1484	1475	347	17,957	Oct	74 675	-0.4	75.150	74.100	481	5,478
150	8 +14	1508	1505	388	20,622	Dec	72,100	-0.35	72.850	71.750	262	3,576
152	412	1526	1523	43	8,624	Feb	70.425	-0.275	70.650	70.300	117	1,352
				5,549	94,319	Tatal					7,983	43,920
() AOS	CCO) (SI	DR's/to	пле)			■ PC	ORK BE	LIES	CME (4	0,000k	s; cen	ts/lbsj
		Pri	Cu	P	rev. day	May	87.375	+1.425	87.750	85.400	96	343
		1124.3	76		126.10	Jul	89.025	+2.075	89,150	86.375	2,018	6,700
FEE L	JFFE (5 1	tonnes:	\$/toru	io)		Ang	87.625				392	1,715
			_			Feb	74,550	+0.45	75.900	74,300	23	349
181		1820	1760	174	820	May	73,400	-0.65	74.000	74,000	1	8
187		1885			26,886	Total					2,532	9,122
188		1810			13,854	10	NDO	V TE	ADF	D O	PTI	SINC
189		1905	1845	924	5,168							
186		1875	1622	193	2,185	Strike	price :	S tonn	e C	÷45	— P	uta
184	0 +50	1850	1650	17	269	E AL	UMINIU	TNS				
				-	46,185	(99.75	6) LME		Jun	Sep	Jun	Sep
EEC N	~~~	FOT ES	Nhat a									

99.7%) LME	Jun	Sep	Jun	Sep	
600	52	94	12	33	
700	-	-		-	
1800	2	16	158	151	
COPPER					
Grade A) LME	Jun	Sep	Jun	Sep	
300	163	120	3	58	
400	81	71	20	107	
2500	28	38	67	172	
COFFEE LIFFE		Sep	Jul	Sep	
800	138	220	68	132	
850	710	195	90	157	
	90	174	120	186	
COCOA LIFFE	Jul	Sep	Jui	Sep	
75	45	77	23	37	
000	32	63	35	48	
025	21	51	49	61	
BRENT CRUCE					
PE	Jun	Jul	Jun	Jul	
900	74	-	57	71	
950	49	-	•	•	
000	32	•	-	-	

Dubei	\$18.17-8.34	-0.25
Brent Bland (dated)	\$19.06-9.08	-0.33
Brent Blend (Jun)	\$19.30-9.32	-0.24
W.T.I.	\$20.88-0.93z	-0.315
OK PRODUCTS N	ME prompt delivery	CIF (tons
Premium Gesoline	\$210-212	
Gas Oil	\$175-177	-2
Heavy Fuel Off	\$80-82	
Nachtha	\$179-181	+2
Jet fuel	\$189-181	-1.6
Diesel	\$181-183	-2.5
MATURAL GAS (Pe	nce/therm)	
Bacton (Jun)	11,4-11.6	

80.50 +2.10 80.00 77.80 3.400 17.188 82.80 +1.95 82.98 80.50 423 6.489 84.80 +1.66 85.00 82.00 205 3.242 87.05 +1.55 87.50 85.06 78 1.512 89.30 +1.30 89.00 88.10 20 975 97.55 +1.00 — 5 217 4,191 29,688 Copper Lead (US prod.)

Open interest and Volume data shown for contracts traded on COMED, NYMEX, CST, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest totals are for all traded months. Cattle (live weight) Sheep (live weight) Pigs (live weight)† 91.08p 143.14p 109.38p INDICES Lon. day sugar (na \$273.50 # Reuters (Base: 18/9/31 = 100) Lon. day sugar (wie Barley (Eng. feed) \$322,50 May 14 May 13 moeth ago year ago 1991.3 1984.0 1950.3 2147.7 Maize (US No3 Yellow) Wheet (US Dark North) **E CRB Futures (Base: 1967 = 100)** Ung Rubber (Jun)♥ Rubber (Jul)♥ May 13 May 12 month ago year ago 251.40 251.40 Rubber (KL RSS No1) # G9Cf Spot (Base: 1970 = 100) Coconut Oil (Philis Paim Oil (Malay.) May 13 May 12 month ago year ago 199.82 200.02 191.78 211.37 560.02 Copra (Phili)§ Soyabeans (US) SE STOCKS A -3,176 Cotton Outlook'A' index Alumenium ellos Woottops (84s Super) 2,825 +725 £ per torme unless other r ringgit/kg, m Metayska 115,700 +192

960 -3 984 984 7 67 997 -3 1002 995 1,064 30,518 1015 -2 1018 1014 334 14,529 1008 -4 1014 1008 204 29,377 1017 -3 1027 1017 410 30,284 1028 -3 1031 1028 380 15,520

Strike price \$ tonne	C	45 -	— P1	uta	
ALUMINIUM (99.7%) LME	Jun	Sep	Jun	Sep	
1600	52	94	12	33	
1700	-	-		-	
1800	2	16	158	151	
COPPER					
(Grade A) LME	Jun	Sep	Jun	Sep	
2300	163	120	3	58	
2400	81	71	20	107	
2500		38	67	172	
COFFEE UFFE	Jul	Sep	Jul	Sep	
1800		220	68	132	
	710	195	90	157	
	90	174	120	186	
COCOA LIFFE	Jul	Sep	Jul	Sep	
975		77	23	37	
1000	32	63	35	48	
1025		51	49	61	
BRENT CRUCE					
DE .	h	11			

LONDON SPOT MARKETS

CRUDE Oil. FOB (per barrel) +or-							
bai	\$18.17-6.84	-0.25					
ant Bland (dated)	\$19.06-9.08	-0.33					
int Bland (Jun)	\$19.30-9.32	-0.24					
T.J.	\$20.88-0.93z	-0.315					
OIL PRODUCTS N	ME prompt delivery	CIF (torme)					
mium Gesoline	\$210-212						
s Oil	\$175-177	-2					
tvy Fuel Off	\$80-82	_					
ohthe	\$179-181	+2					
fuel	\$189-181	-1.6					
sei	\$181-183	-2.5					
NATURAL GAS (Pe	nce/therm)						
ton (Jun)	11.4-11.6						
oksum Argus. Tel. Lor	idon (0171) 359 81	792					
(Liture)	11.590	±0.075					

■ OTHER Gold (per troy oz) \$
Silver (per troy oz) \$
Platinum (per troy oz.)
Paliedium (per troy oz.) \$174.50 +4.50 118.0c +1,0 -0.26 -7.0 -0.90

CROSSWORD

No.9,375 Set by DANTE

ACROSS Best before dates? (3,4,3,4) 7 Get into a row (5) 10 It's used for turning a French article into an

English one (5) board (6)

Il Famous statesman badly 15 Turkish bath that flonts ed by the clergy (9) 12 The tube for below-surface travel (7) 13 Points be can alter and improve (7) shoot such a score, of

14 Rents and rates revised (5) 14 Rents and rates revised (5)
16 Servant, a sober worker, receives a tip (9)
19 Running away to join up?
21 Gathered in study to hold 20 Straighten robes, like a 23 It supports the board need-

judge (5) 22 Man on the make (7) 25 A bitter brew that might go to father's bead (7) 27 It teaches fashion in accordance with good taste (9) 28 He buzzes, but not with energy (5)

29 Chatter-box? (9,5) DOWN 2 Top hat too fancy? It's a controversial issue (3,6) 3 Incomprehensible lan-

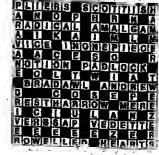
4 It's a cello arrangement for 5 Round electrical safety

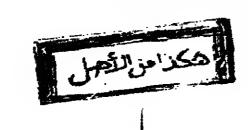
device that's employable 6 Elaborate passes for ordi.

8 Striking entails disruption 9 Shut a tin-opener in a cupunion regulations? (5,4)
17 Odd pair of stamps sought
by philatelists (4-5) exercises (6)

ing a new lease (5) 24 Sense of proportion needed in arbitration (5) 26 Spoke in the plural? (5)

Solution 9.374





Offshore Funds

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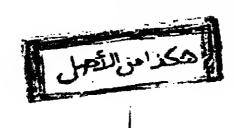
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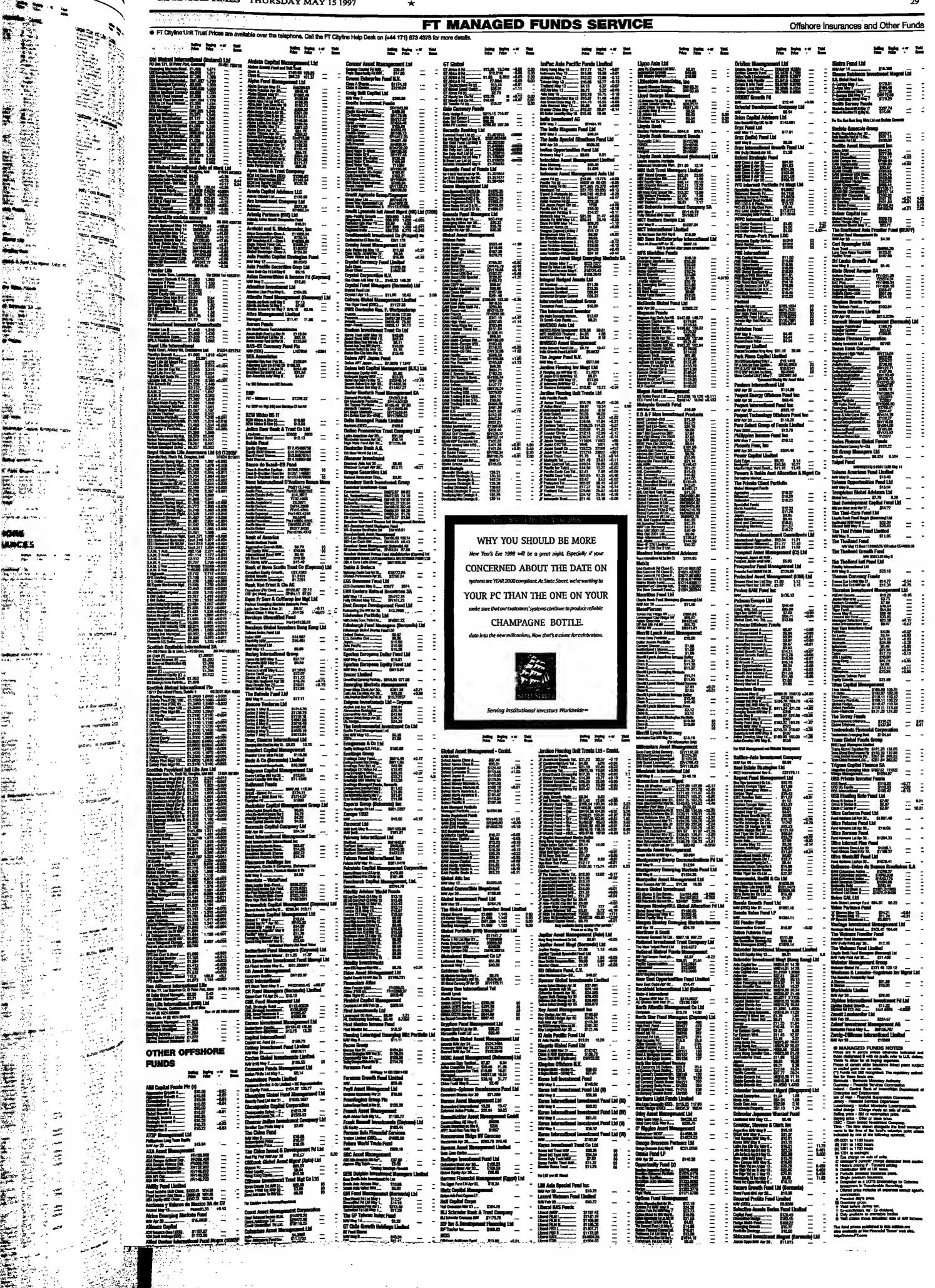
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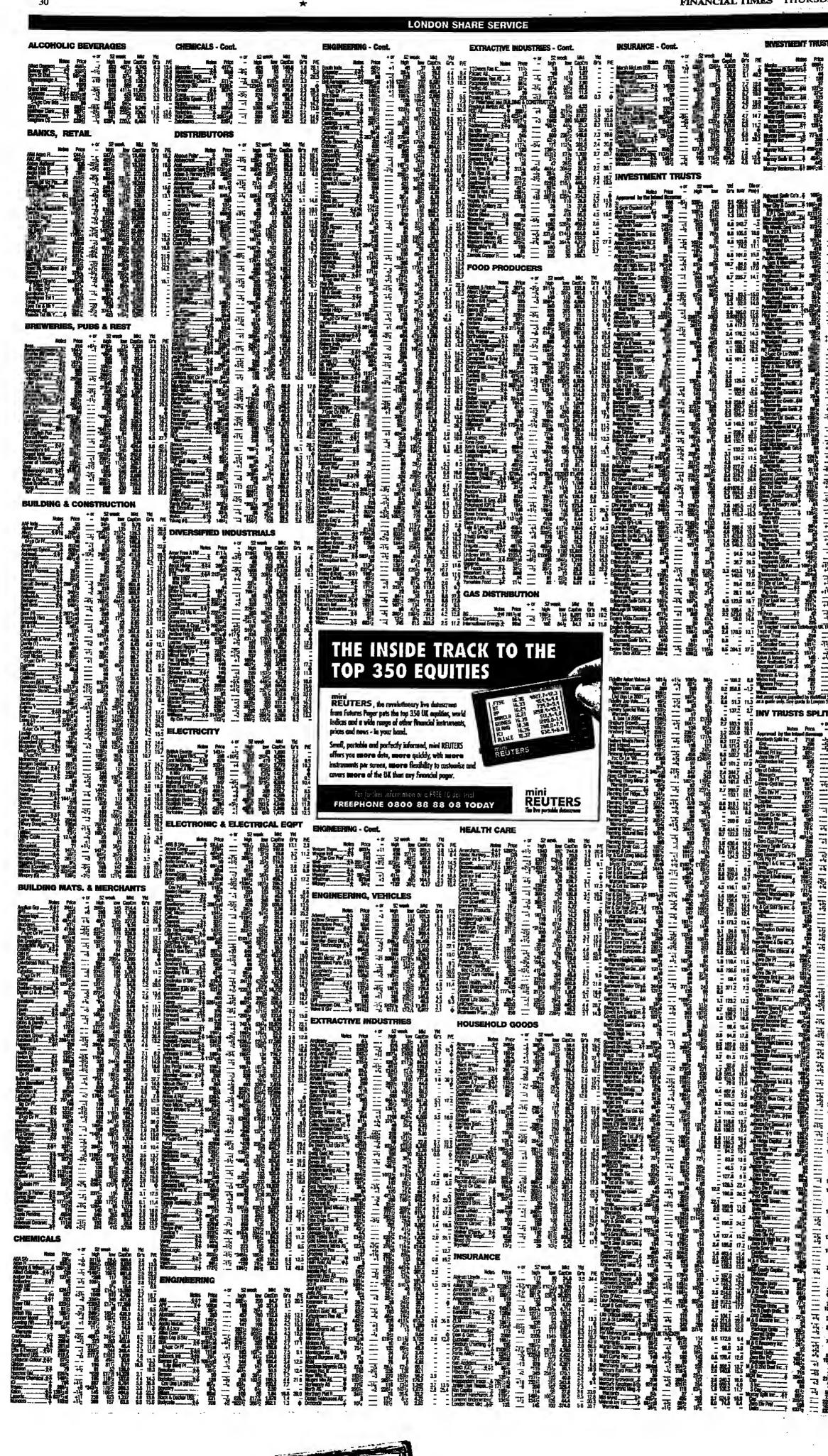
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FINANCIAL TIMES THURSDAY MAY 15 1997 N. SHARE SERVICE

RETAILERS, GENERAL - Cont.

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LONDON STOCK EXCHANGE

Footsie's 11-day rally ends in volatile trading

By Philip Coggan,

The 11-day winning run of the FTSE 100 index finally came to an end yesterday. But not before a see-saw day that saw the market trade in a 55-point range.

A spot of profit-taking was probably inevitable after the market's phenomenal run, which has seen Footsie gain nearly 500 points since the start of April.

But the market did not go down without a fight. In the morning, it was supported by the UK average earnings numbers. which were revised down to an

annual 4.5 per cent rise and eased just exhaustion, profit-takers fears of domestic inflationary pressures. Some 20 minutes after the data were released, the leading index hit its high of 4,715.2, just short of the all-time intraday record of 4,720.3.

However, the statistics were rather ambiguous, given that the large fall in unemployment suggested an exceedingly robust economy.

The curreocy markets seemed to have taken the figures as a sign that interest rates would have to rise; the pound gained a ceot against the dollar and 2 pigs against the D-Mark, a move that

will oot have helped equities. Whether it was economics or

seemed to step in, largely through the derivatives market, with traders positioning themselves for Friday's expiry of index options. A rapid retreat before lunch sant Footsie all the way down to its low for the day

of 4,660.4, down 30.6. However, in the afternoon, the US producer prices figures, which showed a 0.6 per cent month-onmonth fall, received a ranturous response on Wall Street.

The Dow Jones Industrial Average moved sharply ahead as investors reasoned that the Federal Reserve's open market committee would not raise interest rates when it meets on May 20.

The Dow lost a little steam as Our head of sales see trading in New York continued but it was still 52 points ahead when London closed.

It gave the UK market a lift and Footsie clawed back most of its losses, ending 4.1 down at 4.686.9.

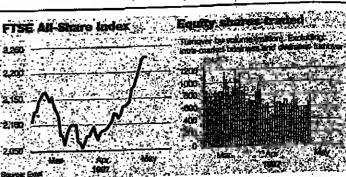
The other main indices dropped back, with the FTSE 250 an expected fall in gilt yields losing 3.7 to 4,259.3 and the because of the Labour party's SmallCap edging down 1.0 to 2,316.8.

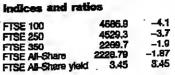
Although the market fell slightly on the day, it remained huoyed by investor liquidity. Mr Ian Williams, UK strategist at Panmure Gordon, says that "people who've got cash are des-

Mr Stuart Fowler, head of UK equities at Kleinwort Benson Investment Management, is now expecting Footsie to hit 5,050 on a 12-month view.

He cites the high cash weightings being held by institutions, pro-European attitude, the attraction of UK assets for overseas investors in the light of sterling's strength and the squeeze in the bank sector caused by the building society flotations.

Volume was 843.4m shares at the 6pm count, of which 50.9 per perate to get into the market. cent were in non-Footsie stocks.





BA link hopes grow

By Joel Kibazo and Peter John

Hopes that British Airways' planned link with American Airlines will soon be cleared by the European Commission's competition authorities drove shares in the UK

carrier sharply ahead. The speculation followed news of the EC's clearance of the merger between BT and US group MCL Shares in the airline rose 31 to 742%p, one of the day's best performers among FTSE 100 constituents. Turnover was

Sentiment in the stock was further boosted by the expansion of the 'Star' alliance between five international airlines. Ooe analyst said: "I think we are now into the next era of consolidetion in the airline industry. British Airways is well placed to meet the challenge of any such consolidation, particularly if the deal with Americao Airlloes is cleared."

Dealers also reported demand for the stock ahead of Monday's full-year figures. UBS, the group's broker, is predicting profits will come in at around £620m and earnings per share of 46.5p for the year to March 1997.

While BT welcomed the

with MCI, dealers in the stock saw the opportunity for profit-taking. The shares eurrendered 3 to 449%p, in

busy trade of 11m. Shares in food retailer Safeway surged ahead, gain-354!4p, after current trading data calmed the market's fears about the group's competitors pulling sharply

published full-year profits of £420.6m, reported that likefor-like sales in value terms bad grown 3.7 per cent in the first six weeks of the year. with total group sales ahead 7.9 per cent (adjusted for the different timing of Easter this year).

Rumonrs drove hank shares forward again, although there is a growing feeling that, with the sector looking highly valued, the desire to find stories that might encourage a bit of business is particularly

Royal Bank of Scotland, mooted frequently as a takeover target, rose 71/4 to 657p while NatWest, left behind for a couple of days, lifted 12 to 810%p. However, Abbey Netional fell 221/2 to 935p with Tuesdey's tale that it might be snapped up by BAT Industries dying as quickly as it was born.

BAT, on the other hand, gained 6 to 547%p with sentiment helped by an operating profits boost from Imperial Tobacco, which closed 2 higher at 4031/sp.

And, back in the hanking well-flagged clearance by sector, HSBC was flat at European Commission regu- £18.20p. HSBC has by far the

lators of its \$20hn merger higgest weighting in the sector and funds have been piling into it in order to raise their exposure ahead of the

Halifax flotation. But Mr Michael Franklin, an Asia specialist at HSBC James Capel, said UK funds ing 23% or 7 per cent to are now looking to the bank'e Hong Kong-quoted stock to get exposure. HSBC was up almost 3 per cent in Hong Kong yesterday.

Commercial Union fell 151/4 The group, which also to 734p as first-quarter profits in line with forecasts belied a fall in new business sales in France, where the group derivee much of its

> And General Accideot, which reported first-quarter results on Tuesday, slid 13 to 9441/4p. SBC Warhurg moved its recommendation to "hold" from "add".

Select exploration and production stocks reflected the strength in the oil price and

from Merrill Lynch.

The US broker favours Lasmo - up 21/2 at 2431/p. and Hardy - marginally firmer at 310%p, on the basis that they are the chespest stocks in comparison with net asset values and have both emerged from restructuring with strengtheoed balance eheets.

However, Merrill warns that the sector looks vulnerable to a correction because of sterling's strength, fading hid hopes and nervousness over oil prices.

The "what goes up must

come down" factor appeared to strike media stocks. Reuters shed 20 to 6811/p as brokers noted that the sharee had leapt 20.5 per cent in the past month and

ket by 11.5 per cent. Pearson, the media cooglomerate that owns the

ontperformed the broad mar-

	May 14	May 13	May 12	May 9	May 8	Yr ago	"High	LOW
FT 30	3017.3	3014.3	3014.8	2960.3	2947.0	2812.6	3017.3	2668.8
Ord, div. yield	3.62	3.64	3.64	3.71	3.73	3.95	4.22	3.75
P/E natio net	18.33	18.25	18.25	17.87	17,77	16.56	18.33	15.80
P/E ratio nii	18 14	18.08	16.06	17.66	17.59	16.33	19.14	15.71
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LIFFE Equity option 82 Week highs and low

thoughts contained in a note Financial Times, was the day's figures. The broker has worst performer in the FTSE maintained its current year 100 with a fall of 23% to forecast of £445m and its 100 with a fall of 231/4 to 722'Ap. It was one of the best

performers on Monday. Carlton Communications. sensitive to the strength of sterling, fell 15% to 522%p as the pound moved above

On the plus side, a 39 per cent rise in profits helped lift Scottish Radio 81/2 to 405p. And the news of a new chief executive for Capital Radio saw the shares add 15

at 553%p. If more proof were needed that a honsing boom is under way, it was provided by news of takeover action among estate agents.

John D Wood, the upmarket central Loodon house saller founded by John Daniel Wood in 1872 and floated under new ownership in 1987, saw its share price jump 20 to 140p. It announced late on Tuesday that it had received a bid approach.

Savills, its principal rival. closed 5 up at 129%p and others within the sector, such as Hambros Countrywide and Bucknall, were also up on the day.

Transport and property group P&O appreciated 14 to 635p, with several brokers positive on the stock. SBC Warhurg is understood to have upgraded from "hold" to "buy" while Mer-rill Lynch is said to have

turned buyer. Reckitt & Colman improved 18 to 905p after the company said it expected the momentum of 1996 to continue this year.

The household products group told shareholders at its annual meeting that its performance remained Also, NatWest upgraded

the stock to "huy" from with NatWest stressing its

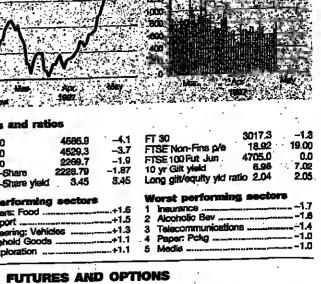
FTSE Actuaries Share Indices

1998 figure of £505m.

Cortecs International fell 28 to 240%p as analysts came away unconvinced by the company's claims of trial results for its osteoporosis treatment

Versalite, the stained glass products group, made a sparkling debut in the market. The shares, placed at 3p, opened at a premium and

ended the day at 4p. Datrontech, the personal computer component distributor, plummeted 49% or 24 per cent to 160p after the company warned that a sharp slowdown in PC sales growth would hit its firsthalf results.



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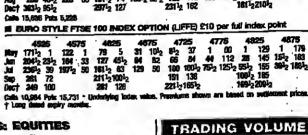
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Major Stocks Yesterday

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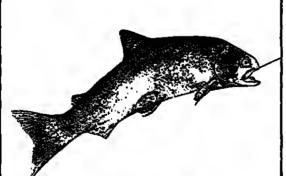
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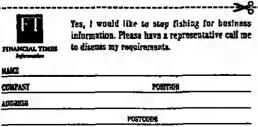
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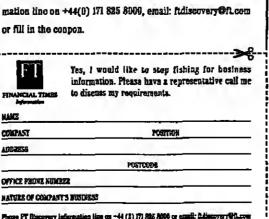
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on inflation figures

Wall Street took heart from an upbeat bond market at index of larger companies, midsession as it breached its rose 4.31 to 837.44. record closing record, writes Jane Martinson in New York. to be hit by fears over the

At 1pm the Dow Jones Industrial Average atood infringements launched 39.97 higher at 7,314.18. Ear- against Intel, the semiconlier rises of more than 50 points had sparked the fell \$1% or more than 1 per so-called downtick rule, cent to \$150% following the intended to slow the tide of

Mr Arun Kumar at Lebman Brothers described the day's producer price data as "market-friendly". The figures lifted US treasuries where prices for the 30-year benchmark bond rose ₹ to

Financial services and consumer groups led the charge in the leading indlcator; smaller companies and technology stocks also rose but failed to match the Dow's strong performance.

Nasdaq composite index was up 2.72 at 1,336.31 while the Russell 2000 of smaller company shares edged up 0.80 to continued bld rumours, 364.36 during the morning, gained more than 3 per cent

over the past two days. The S & P 500, the broader based

Computer giants appeared lawsuits alleging patent dnctor manufacturer. Intel previous day's declina of more than 4 per cent. Cyrix, a smaller computer group, followed Digital Equipment's lead and lodged its own patent infringement suit against the group. Some smaller Nasdaq stocks per-formed well. Applied Materi-

Financial blua chips benefited from the upturn in the inflation outlook and corresponding hopes that interest rates would not be lifted. The technology-driven J.P. Morgan rose \$2 or almost 2 per cent to \$104 while Lehman Brothers, which has been subject to

als rose 4 per cent or \$21 to

\$63% after positive earnings

Some of the gloss came off of IBM, which performed strongly in the past week, although the group was up \$% et \$174%.

TORONTO swung back on to the upside, led higher by the early strength on Wall Street and mounting hopes for pleasant earnings surprises in the fortbcoming quarterly results season.

Tech stocks had a robust morning and the banks continued to gain ground in good two-way trading. At the noon calculation, the 300 composite index was 16.86 higher at 6.266.10.

per cent at midsession amid allegations that Mr Sergio Motta, the communications minister, was involved in a vote buying scheme to ensure that the presidential re-election bill would pass safely through Congress. Selling pressure, particularly of the benchmark Tele-

10.281. Telebras prefarred and common plunged 3.9 per cent to R\$129.91 and R\$123 respec-

bras preferred, led the Bov-

espa index down 367 to

Jo'burg sustained by Liberty Life quarterly

Wall Street's firm start and some modest, positive light and sentiment was futures pressure kept Johannesburg's all-share index on there were a number of R129.50 after the insurance the upside with a gain of strong non-mining features

and these belped offset start to 1997.

Trading was relatively a mixed day for golds. Liberty Life surged R4.50 said to lack conviction. But or nearly 4 per cent to leader announced a strong

Emerging markets: IFC weekly investable price indices

1		11 May 11	Dollar term		Loc	cal currency	
	No. of	May 9	% Change	% Change	May 9	% Change	% Change
Market	stocks	1997	over week	on Dec '98	1997	over week	on Dec '9
Latin America	(248)	- 655.71	× +1.9.	+21.9	8 1 18 8 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	* . *	
Argentine	(30)	1,070.72	-0.1	+12.6	856,707.70	-0.1	+12.1
Brazil	(68)	530.99	+23	+34.0	2,117,55	+2.5	+37.4
Chile	(46)	738.04	41.5	+19.0	1,235,52	+1.4	+17.
Colombia.	(14)	834,57	+2.3	+31.8	1,592.06	+3.2	+41.
Mexico	(64)	602.5B	+26	+13.8	2.052.99	+2.5	+14.2
Peru ²	4 (17)	239,97	-19	+22.0	391.09	-1.B	+25.2
Venezuela ^a .	(9)	747.96	+3.6	+2.7	8,293,62	+3.8	+4.0
Anla	(709)	239.21	+0.2	-54		. ".	
China ⁴	(27)	87.74	+42	+19.Q	+91.85	+4.2	+18.9
South Korea	(156)	72.71	-44	-5.9	85.40	-4.3	-0.5
Philippines	(42)	237.30	+10	-19,2	302.28	+0.9	-19.0
Taiwan China	(42)	171.33	+0:5	+11.8	178.07	+0.5	+12.5
India ⁷	(77)	94.52	-0.7	+20.0	120.29	-0.4	+20.0
Indonesia ^a	(49)	125.84	45.T	-1.4	166.05	+4.9	+1.4
Malaysia .	(148)	302,62	+0.5	-10.1	280.11	+0.5	-10.7
Pakistan ^a	(28)	234.53	+0.4	+19.B	430.67	+0.6	+20.5
Sri Lanka ^{to}	(5)	109.38	-3.4	+15.0	141,53	-3.4	+20.3
Trialland .	(87)	158.25	-92	-28.5	163.25	-9.7	-27.6
Euro/Mid East	(264)	158.54	+12	+18.1			
Czech Rep	(7)	59.11	+2.6	+15.7	59.91	-4.0	-5.7
Egypt	(16)	100.94	-40	V	100.80	. -4. 0	
Greece	(54)	365.51	48.5	+50.8	668.02	+6.6	+65.0
Hungary [#]	(12)	258.91	+1.8	+31.6		+0.8	
Jordan	mi.	189.86	+0.9	+1.7	283.34	+0.9	+1.6
Morocco	(5)	130.98	-0.4	- T	134.19	-1.8	
Poland ¹²	(30)	722.72	-0.7	-1.3	1,429,14	-1.3	+8.4
Portugal	(28)	178.31	+3.8	+22.0	208.89	+1.9	+34.0
Pussia .	(15)	121.90	+4.8		124.80	+4.7	. 10.75
Slovekla	(5)	109.58	+2.3	_	111.92	+0.9	
South Africa	(63)	237.30	-0.3	+13.8	218.50	-0.1	+8.4
Turkey"	(58)	191.62	+2.1	+28.9	12,291.33	+22	+61.2
Zmbabwe	(5)	563.11	4.3	+18.9	938.13	-4.3	+24.3
Composite	(1221)	319.76	+1.0				1212
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iose noted which art (1)Feb 1 1391; (3)Dác 37 1992; (3)Dác 5 1890; (5)Dác 37 1992; (3)Ma 3 1992; (3)Ma 4 1997; (7)Nor 6 1992; (4)Sác 28 990: (6)Mar 1 1997; (10) Dác 37 1992; (11)Dác 37 1993; (12)Dác 37 1992; (14)Dác 37 1992; (15)Mag 2 1993; (16) July 2 1993;

 %
 Index
 Ind

0.6 60.71 50.26 58.96 57.25 0.8 274.41 227.20 266.51 274.41 -0.5 306.13 253.46 297.81 338.96

-0.5 279.96 231.79 271.90 259.53 0.8 237.45 196.59 230.61 240.88 0.9 348.65 288.83 338.80 \$78.05 0.0 134.07 111.00 130.20 110.84 0.4 177.19 146.70 172.08 159.93 -0.5 298.45 247.10 298.85 327.89

212.43 175.99 206.31 217.56 0.8 278.52 228.94 268.55 264.87 -0.1 180.10 149.11 174.91 166.04 0.4 214.97 177.96 208.77 208.12 -0.1

After Tuesday's pull-back, Hong Kong London market. Yesterday, HSBC jumped returned to its record-setting ways HK\$6 to HK\$223, balped by news that Stanyesterday as another sharp rise in HSBC showed the broader market the way higher. writes Michael Morgan.

per cent to an all-time high of 14,153.58, taking its rise for the month to 9.7 per cent. Turnover of HK\$17.7bn was the third highest ever recorded. The advance, spearbeaded by financials and properties, has been fuelled by an inflow of regional funds switching from underperforming markets such as Thailand, Singapore and Malaysia.

demand, not least from UK fund managers, anxious to raise weightings in the sector, says Mr Michael Franklin at HSBC James Capel in London. The UK funds bave bought shortage of financial index stocks in the 4.3 per cent.

NATIONAL AND REGIONAL MARKETS Figures in perentheses

Norway (41) Philippines (

Europe (725) ... Nordic (150) ...

United Kingdom (211).....

Europe Ex. UK (514)..........233.82 Pecific Ex. Japan (397)304.38

261.35

...147.58

FT/S&P ACTUARIES WORLD INDICES

dard & Poor's, the international credit ratings agency, had raised its long-term ratings on the bank, at the same time as it The Hang Seng index jumped 247.12 or 1.8 upgraded the colony's foreign and local currency credit ratings.

The property sector bas also been a strong performer. Yesterday, it took fresh heart from speculation that Hong Kong's new regime is committed to releasing more land for development after the territory is handed over to Beijing in July.

Meanwhile, the volatile mainland Chinese Among financials, HSBC has seen strong exchanges have been under pressure in shipbuilding, which rose 1.1 recent sessions amid worries that Beijing might be planning tough measures to cool the markets. Yesterday, Shanghai's hard currency B index tumbled 6.2 per cent, tha stock as a proxy, in the light of a while lts Sbenzhen counterpart lost

Gross Div. Yield

3.94 1.87 3.33 1.42 1.95 1.51 2.80 1.59 2.20 0.81 1.24 2.43 5.21 2.43 2.42 2.43 2.43 4.64 4.64 8.59 8.59

-0.5 0.5

The World Index (2473)......242.1S 0.0 220.03 182.17 213.69 215.04 -0.1 1.92 242.28 221.09 181.48 214.1S 215.14 242.28 202.32 211.94

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1.81 2.63 1.92 1.29 2.03 1.82 2.07 2.78 2.02 1.74

0.4 180,10 149,11 174,91 166,04 0.4 2.02 197.48 180.20 147.81 174.57 193.47 193

Dow moves ahead Bourses see further all-time highs

Investor-friendly US data in heavy volume thanks to fading US interest rate presgood news from the election opinion polls and a mouthwatering takeover story.

There was strength in depth. Oils had another good day, motors houncad the improved interest rate outlook and talk of industry

At the close the CAC-40 was 55.05 or 2 per cent higher at 2,774.63 baving traded 17m shares. Tha takeover talk centred

on BNP, which was said to be poised to merge with SAO PAULO tumbled 3.5 Dresdner Bank of Germany. Though an old story, it was on the basis of banking opportunities within a single-currency Europe. At all events, BNP experi-

enced some of its best volume of the year, surging FFr12.90 or 5.2 per cent to FFr262.10 in 1.5m shares. Société Générale rose FFr28 to FFr696 and Paribas gained FFr13.10 to FFr406.

Good first-quarter sales from the sector sent motors sbooting ahead. Micbelin jumped FFr14.60 to FFr354, Renault FFr6.60 to FFr154 and Peugeot FFr34 or 5.8 per cent to FFr644. An oil price comfortably above \$19 a barrel left Total FFr23 higher at

left tha AEX index 10.83 ahead at 796.86. Financials took six bourses to all-time continued to make most of highs. PARIS peaked again the running on the back of sure. ABN-Amro gained F11 to Fl 35.70 and Aegon added Fl 3 at Fl 141.60.

Smaller cap stocks contained a handful of features. Gncci jumped F13.30 to strongly and banks rose on F1137.10 on talk of a takeover bid from LVMH, a move the French luxury goods giant subsequently denied. Vendex rose Fl 3.10 to F1 102.10 after disclosing strong sales and confirming a June float for its services

operations. ZURICH posted a third consecutive record closing high as foreign buying, a stronger dollar and a flurry given a fresh spin yesterday of new warrant issues combined to take tha market up. The SMI index rose 50.1 to 5,134.3, extending its rise since the start of the year to 30 per cent.

Novartis climbed SFr30 to SFr2,039 as analysts gave a broad welcome to its \$910m purchase of Merck's crop protection arm and plans to streamline its business. Goldman Sachs said that the moves highlighted the continued focus of the newly merged company on its core described the acquisition as an excellent strategic fit at a margarine in Sweden this

reasonable price. UBS continued to make up

Open 10.30 11.00 12.00 13.00 14.00 15.00 Closs Hourly changes FTSE Eurotrack 100 2323,74 2324,23 2324,86 2324,71 2325,47 2326,21 2329,16 2328,46 FTSE Bezulrack 200 2371.77 2372.36 2372.06 2389.48 2366.20 2371.76 2374.74 2370.98 May 13 May 12 · May 9 FTSE Eurotrack 100 FTSE Eurotrack 200

performance with a SFr27 rise to SFr1,466, belped by an index 5.30 higher at 1,634.69

upgrade by Pictet, the Geneva-based private bank. Among cyclicals, ABB rose SFr39 at SFr1,982 and Sulzer SFr24 to SFr1,086, bnt Alusuisse gave back some of Tuesday's sharp rise with a loss of SFr14 to SFr1,301. Nestlé added SFr22 at SFr1,865 on the view that it

with Unilever. Records were also set in: • COPENHAGEN, whera the KFX index pnt on 0.87 at 163.90.

was still cheap, compared

Novo Nordisk, the blotechnology group, climbed DKr19 to DKr703 on hetter than expected first-quarter earnings, and, given its Naw York quotation, on the US

 HRI SINKT where Raisio pared recent sharp losses to close FM12 higher et FM396 after it said, late in the session, that plans to launch its cholesterol-cutting Benecol year were still on track.

The Hex index rose 21.02

2287.77 2287.77 2329.48 2329.46 2342.13 Suov valuo 1000 (25/10/10); Highway; 100 - 22/20.50; 200 - 23/75.81 Lawdoy; 100 - 23/2.76 200 - 23/6.73. † Pyrand. © FISS International Lindard 1687. An righta reserved. VIENNA, with the ATX

and Creditanstalt preferred up Sch4.54 at Sch505.60. FRANKFURT broke the 3,600 barrier but, once again, this was only temporary as tha Dax index came back from a high of 3,607.55 to close 29.28 np at an Ibis-

indicated 3,588.57. Ms Barbara Altmann at B Metzler noted that Friday was exercise day for DTB options; in that context, she said, there might be investors who thought that 3,600 was enough, given that the Dax was still below 8,400

towards the end of April.

Rumours of a DM20bn German tax shortfall were not a direct depressant, since bunds were lifted by the performance of US treasuries. However, the prospect of a German government, needing to cut its borrowing requirements, advancing the privatisation of its own 74 per cent stake in Deutsche Telekom, laft the latter another 55 pfg lower at DM39.25 for a two-day

Brokers' "buy" recommendations lifted Schering DM5.70 or 3.3 per cent to DM176.70 and Vaba by DM3.35 to DM100.15. Outside the Dax, an upgrade to "market outperformer" from Goldman Sachs for Hochtief left the construction company DM5 or 7.1 per cent

higher on the day at DM75. MILAN edged higher with Credito Italiano at the centre of attention after a presentation to analysis in London. The Comit index rose 1.41 to 774.31 as Credito jumped L142 to L2,602 in heavy volume of 57.1m shares.

Among the insurers, Generali added to Tuesday's gains in the wake of its 1996 results, and advanced L226 to L30.922.

Sbares of Unicem, the cement producer, fell L343 to L12,124 after a Fratelli Buzzi announcement that it would acquire an 20.5 stake stake at a price of L18,800. Analysts said that investors were disappointed that no clear dataila bad yet emerged about a public buy

ISTANBUL picked up 2.1 per cent as investors were tempted back by the pros pect of a new secularist alliance to replace the ruling Islamist-led coalition government. Tha IMKB National-100 index rose 29 to 1,437.

Bangkok drops 4.8% on slide in baht

4.8 per cent at 571.30.

Selling was again dominated by foreign funds as worries about the economy and the baht combined with rumours of cabinet conflicts to depress sentiment. The SET index has fallen 20 per cent since mid-April.

at Bt558.

Nomura Securities

bouses by 2.35 per cent.

shares to 421m. The Topix index of all first section stocks rose 1.64 to 1,502.31 and the Nikkei 300 was up 0.62 to 291.65. Declines outnumbered sdvances 577 to

Support came from dome Y1.05bn, and from recent lag per cent and 2.35 per cent

respectively. Talk of equity financing at Sumitomo Trust, which said after bours that it was con-

| Index | Inde

96.40 60.59 49.73 58.70 88.80 183.94 66.40 183.94 299.49 273.29 224.32 264.75 273.29 302.04 229.93 230.25 338.74 309.11 253.72 299.45 338.74 338.74 254.79 269.76

309.69 282.60 231.97 273.77 260.86 309.59 233.09 246.57 259.31 236.62 194.23 229.23 239.69 261.35 204.71 206.88 380.95 347.63 285.34 336.77 374.34 385.85 291.45 294.98 147.61 134.70 110.57 130.49 110.50 171.79 127.18 189.44 194.21 177.22 145.46 171.68 159.27 195.03 173.55 184.85 330.20 301.32 247.33 291.90 329.62 330.20 248.65 263.17

232.07 211.77 173.83 205.18 216.38 233.82 305.06 278.38 228.50 289.88 285.35 320.65

Bangkok Bank, the most active stock, fell Bt4 to Bt156 and Thai Farmers Bank lost Bt7 to Bt100. Siam Cement tumbled by its 10 per cent daily limit, ending off Bt62

TOKYO's recent bullishness in blue chips was watered down by the suspen-sion of Sumitomo Trust & Banking over funding concerns, and as central and local government bodies distanced themselves from

closed up 80.61 at 20,209.72, its high for the day after a low of 20,030.10, although the Nikkei 500 banks index fell 0.9 per cent, and securities

Turnover fell from 559m

A renewed slide for the baht sent BANGKOK spiralling down to its lowest level for eight years. At the close, the SET index was off 28.95 or

Our Markets Staff. The Nikkei 225 average

514, with 162 unchanged. tic demand suppliers such as Nippon Telegraph and Telephone (NTT), up Y51,000 to gards such as shipping and

sidering financing but that

the timing and the amount then further burt as princi- declassify tha internation- eased 12.06 or 1.1 per cent to

worried over the prospect

that other banks might follow suit. dropped Y63 or 6.6 per cent to Y897, Mistsui

Trust & Banking Y29 to Y881 and Chuo Trust & Banking Y24 to Y690. In securities houses, Nomura dropped Y70 or 4.5 per cent to Y1,480 after hitting a 1997 low of Y1,460.

Nomura was initially bruised by news that Japan's securities watchdog had filed a criminal complaint with prosecutors against the broker on Tuesday evening, and

were undecided, had traders pal clients halted business with the company. Shipping and shipbuilding

saw Mitsui OSK Lines and Toyo Trust & Banking Navix rise Y11 to Y259 and by Y5 to Y229 respectively, while Sasebo Heavy Industries put on Y14 or 8 per cent. at Y249,

In Osaka, the OSE average eased 20.50 to 21,002.64. In London, the ISE/Nikkei 50 index rose 1.92 to 1,597.21. MANILA, boosted by gains in B shares, took the composite index up 28.81 to

Turnover was below everage at 2bn pesos. News thet ries about rising import the Philippines SEC will not costs. The composite index A\$5.72.

ally oriented B shares helped 1,072.49. Motor groups were Meralco B. one of the most heavily traded issues, rise 17 pesos or 15 per cent to 129

TAIPEI rallied strongly. The weighted index rose 229.50 or 2.9 per cent to 5 per cent. 8,181.62 to regain some 75 per cent of Monday's severe sell-off.

at T\$112bn. The buying was sparked by rumours of inter-

vention by government funds. KUALA LUMPUR continued to move lower on wor-

in the thick of the action as the strength of the yen led to concern over rising component import costs. Proton lost 60 cents to M\$12.90 for a two-day decline of more than

1.35

. .

-

2.5

SYDNEY ended off 3.9 at 2,530.4 on the All Ordinaries index. Banks stayed active Turnover was unexciting following solid results from Westpac. Commonwealth rose 23 cents to A\$14.78. ries about satellite TV legal action, left News Corn 21 cents or 3.5 per cent lower at



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Map bryestment N.V. (the "lauser") 3% Participating Boods Due May 17, 1999 (the "Bonds") The Issuer has declared and will pay U.S. \$9,20,00000 Participating Interest made will pay U.S. \$9,20,00000 Participating Interest me and payable on May 13, 1997. The annualized percentage rate is equal to \$% and the amount of Participation Interest payable on U.S. \$10,000 principal amount of the Bunde is \$300.00

NOTICE TO THE HOLDERS OF

O.S. Trust Company of Cultivain, N.A., May 12, 1997

BRAZILIAN NAVAL COMMISSION IN EUROPE - BNCE

NOTICE OF PUBLIC TENDER NR. 028/97

Notice is hereby given that the BNCE with offices at: 176 Upper Richmond Road, London SW15 2SH, is accepting tenders to contract services to transport 8 (eight) Super Lynx MK 21A Helicopters from UK to Brazil. The details of this Public Tender are available, on request, at the above address

Contracts Dept.: Tel: 0181 788 8111 Fax: 0181 788 4190



The Business

of Travel

SCHOOL HEAVY NEWS

FINANCIAL TIMES QUARTERLY REVIEW

In the early 1990s companies had to take a long, hard look at their business travelling expenses. Deregulation of Europe's skies is now providing opportunities to cut costs without curbing travel.

Michael Skapinker reports

Now is the time to test some theories on costs

he airline announcement is becoming a familiar one: "As our flight today is extremely full, would you please place your hand luggage sideways in the overhead lockers so that you leave space for

other passengers."
In the US and much of Europe,
business travel is flourishing. Aircraft
are full, and so are hotels. Upgrades to
business class are few and far between on most airlines; the front sections of the aircraft are full of paying

It is an opportune time to test a theory that many expounded during the dark days of recession in the early 1990s. When companies told their employees to travel in the economy section of the aircraft and not to stay away for one more night than was necessary, some managers and travellers said the good times would never return.

The recession would eventually end. of course, and companies would send their managers and sales staff travelling again in search of new business and customers. But never again, the theory went, would companies let staff fly first class or spend an extra weekend in Rome or Sydney.

The recession had forced companies to look at their travel budgets, and many were appalled at how much they had been spending. In many cases, finance directors had taken direct control of the travel budget and were determined to keep costs down. The theory was that they would not allow expenditure to run out of control when the good times returned.

Now that the good times are back,

has the theory turned out to be true? Only partly, say those who book travel on behalf of companies.

Ws've seen some

loosening up," says Mr Kyle Davis, a Paris-based vicepresident of American Express. "We've seen some companies that told their people to move from business class to economy now allowing them to go back to business class."

Mr Davis says that some of the companies which told their staff to fly economy found that employees were deciding not to travel at all. With the recession over and companies searching for new business, some of these organisations decided it was best to let their staff fly in a little more comfort as a way of ensuring that they began travelling again.

There are, says Mr Davis, other companies which, during the recession, talked about drawing up new, tight travel policies but never did so. Their staff are now travelling in the front of the aircraft, too.

Some travel agents see things slightly differently. Mr Tony Hughes, chairman of the UK's Guild of Business Travel Agents and managing director of P&O Travel, says: "The travel

policies that came in in the recession baven't changed much. There are some companies where business class travel had been stopped and where it's now back. But manufacturing companies haven't relaxed their travel policies, and a lot of their people are still travelling economy."

Even those companies which are intent on saving money on travel can find it difficult to do so in Europe, Mr Davis says. On many important routes in Europe there are still only two carriers, be says. In the US, a company wanting to fly an executive from New York to Los Angeles has many more options than an organisation sending a manager

from one European city to another. Europe is, bowever, seeing the beginnings of change and the appearance of low-fare airlines that are now an established feature of US travel. On April 1, the decade-long deregulation of the European Union's skies was completed. The process

began with the liberalisation of air fares and continued by giving EU airlines the right to fly to any airport in another member-state. At the beginning of April, airlines won the right to launch domestic services in other EU countries.

Industry executives believe it will take time for smaller, independent airlines to establish themselves, but

low-cost services have already started. Ryanair (Ireland), Easyjet (UK), Air One (Italy) and the Brussels-based Virgin Express have already begun to challenge the dominance of established

national carriers. Will business travellers use these flights? "Our clients are very, very interested in them," says Mr Davis. Virgin Express has attracted particular interest, he says, because one of the routes on which it operates is London-Brussels, one of the most important in Europe.

While the smaller airlines are trying to win customers, the large carriers are forming trans-continental alliances. British Airways has close ties with

IN THIS SURVEY

VAT cash down the drain Page 2 Code confusion Europe's open skies Page 3 Air miles smiles Ticketless travel Page 4 Big embitions at Airbus Safety in the air Page 5 Conference & exhibition diary

Nod off with a clear conscience Traveller's tales Running repairs Page 7 Getting around Latin Page 8 Budget hotels Hotel restaurants

Production editor: Ian MacDonald Design: Philip Hunt

Hotel phone charges

Qantas of Australia and bas announced that it wants to form an alliance with American Airlines. Lufthansa of Germany, United Airlines of the US, Scandinavian Airlines System, Thai Airlines and Air Canada are

strengthening their alliance. These alliances should, in theory, present companies with the opportunity to cut costs by concluding global deals with one of the partnerships - winning lower fares in return for instructing employees around the world to fly with one of the alliance partners.

In practice, says Mr Davis, companies are finding it hard to conclude such deals. The airlines within an alliance want to be sure that they will win their fair share of such a contract. And many multinationals are federations of national companies. Each of the companies has its own profit and loss account and many are resisting giving up the right to control their own travel budgets.

Mr Davis says some national companies within multinational organisations believe they can get better deals by concluding their own agreements with local airlines and travel suppliers - and they often can

Many business travellers, however, have found a way of taking advantage of the worldwide airline alliances. One of the common features of airline alliances is that frequent flyer points can be transferred from one carrier

within the grouping to another. An experienced European pas travelling in the US and Asia will often try to fly with an airline whose frequent flyer points are accepted by the alliance partner in Europe. If employers are still unsure about bow to take advantage of the growth of airline alliances, their staff have fewer problems doing so.

NICATIONS

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WANT STONES

VALENCIA, Tuesday, June 13-Her job title read "Administrative Support." but for Rosa Barea of our Travel Service Office in Valencia, Spain, a more fitting title might have been "Administrative, Medical, Emotional and Moral Support."

She earned it when she helped a Cardmember return home to Spain from Russia for an operation (that was after arranging for medicine to be flown to Moscow) and accompanied the Cardmember's wife to the airport for moral support.

Ask Rosa, and she, like a lot of American Express

employees, would say, "I was just doing my job." That's something to keep in mind when you're far from home and have a

job for us to do.





AMERICAN EXPRESS

VAT money down the drain

car hire and restaurants.

Refund Services.

dle the reclaim themselves.

ing to Mr Harris, can occur

when a company arranges

not to the local subsidiary

otherwise the VAT cannot

The invoice should also

When the travellers return

bome they hand over their

department. It must then

complete the reciaim forms

try from which it is reclaim-

show the VAT in both per-

centage and value terms.

be recovered.

Many companies do not realise that they can reclaim some tax, says Scheherazade Daneshkhu

Business travel accounts for a large proportion of a company's costs, often ranking third after buildings and sal-

the amount of travel their of VAT. employees can undertake in an effort to keep the bill down, while others brace directives which broadly themselves for loud grumbles by booking staff into reclaim VAT on business cheaper hotels and downgrading the class of air

However, many companies are still unaware that the cost of business travel within Europe can be reduced by reclaiming value added tax, which can account for as much as 25 per cent of travel bills.

Mr John Pugliese, chairman of the International VAT Association, believes that the majority of businesses are throwing away Some companies reduce money by failing to reclaim

> The refund system is based on European Union entitle foreign travellers to travel. The rules apply both to travellers from one EU state to another and to those from outside the EU travelling within it.

> VAT can be reclaimed on hotals, petrol, meals, car hire, conferences, trade fairs and exhibitions; transport; level varies within Europe

Adoption 21* 21 21 21 21 6

Belgium 21 21 21 21 6

Germany 15 15 16 15 15 15 15 15 15 15

freland 21 21 21 n/s

Luxembourg 15 15 8 3 15 15 15 3

Medicalages 175

Sweden 25 25 12 25 25 25 25 25

hetween 15 and 25 per cent; sending employees to the there are also differences in

France, for example, will not give VAT refunds on hotels or car rental, whereas Germany will. Mr Alan out in the company's name Buckett, VAT partner at and not thet of the individ-Binder Hamlyn, the accountant, says that the most generous countries are the UK, the Netherlands and Germany, while the stinglest are France and Italy.

Some countries outside the EU also make VAT refunds. Mr Jon Harris, director of business development at London-based Meridian VAT Reclaim, one of the largest of a growing number of crossborder refund services, says that the most recent addition to the list of countries giving VAT refunds to foreign businesses include Korea and Canada.

 How to reclaim VAT and professional fees. The If a company based outside Germany, for example, is



Value added tax on car rentals booked for business use can be

for its local office to make bookings on its behalf. The local office must ensure that a company by presenting the invoice is made out to a VAT registration certifithe head office abroad and

> Tha company must then send the papers to the tax authority of the country visited which will send the refund sooner or later depending on the country in

The paperwork, tha need invoices to their finance to complete the forms in foreign languages, differences in national rules and continin the language of the coun- ns) changes in the law regarding VAT reclaims can ing VAT - German in this conspire to make the process

claim the VAT probably because it's complicated," says Mr Buckett

That has snawned the growth of the specialist VAT reclaim companies over the past 10 years; most accountancy firms also offer

Most specialist companies work on a contingency fee basis. They will take on a case and reimburse typically 80 per cent of whatever is recovered. If they do not succeed in reclaiming VAT;

NEWS IN BRIEF

Web sites worth checking out....

The latest review by Harry, the interactive Media in Retail Group (www.inrg.org) ranks travel web sites. Retail Group (www.inag.org) ranks deciding that some of the best are

 The Cayman Islands Tourist Board
 (www.caymans.com) which includes calendar of events short-term weather forecasts and an accommodation guide together with links to various hotels for rates and

further information.

The Australian Tourist Board (www.sussie het an), a comprehensive site for potential visitors with a good

comprehensive site for potential visitors with a good search directory.

• Where magnifies (www.wheremags.com), the Louden service is specifically singled out, but the whole site is a good quick overview to selected cities—mostly in the HS but also including the UE and French capitals. Good hasics on car rental and currency calculators, but the Lodging section is still under construction.

• Executive Women's Travel Network (www.delta.air.com/womenenses) is a joint effort by Delta Air Lines and American Express, which is dedicated to the growing female business traveller market. This site includes everything from packing the to safety advice for independent women travellers. The online reservations service is available only inside the US at the moment.

US at the moment:

• breland Travel (www.breland.travel.ie) is the official site of the brish Tourist Board, a personalised brochare facility and a good searchable accommodation database.

Guides due on the Net

An internet version of Bradman's Business Guides, written specifically for the business traveller, is due to be launched in summer this year. The guides cover Europe, North America, the Middle East and Asia. They Sumpe, North America, the Middle East and Asia. They are written by journalists based in the destinations; covered but also include contributions from resident business professionals, who offer tips on where locals eat, meet and enjoy themselves, and from business travellers and travel management companies. Hard-copy versions of the guides, priced at £9.95, are available from Monomax, 38-40 Vanston Place, London, SW6 1AX. Tel-+44 171 381 4442; fax: +44 171 381 6007 (fax):

Keeping in touch

While mobile technology computer hardware developments have given "road warriors" the tools to stay in touch with their home office, the frustration or expense of being far away from your individual Internet.

Service Provider can still be a drag.

One recent development that may be of use to business travellers is HomeGate, an Internet rounding service that through a series of alliances, allows travellers on the road to have mespensive, local access to the internet and their e-mail from almost any telephone in the world.
Subscribers to the service use their existing e-mail

addresses and passwords, and the company says it currently has more than 1,000 points of presence (local access points) in more than 690 cities and 160 compries. HomeGate provides a 24-hour help desk, and software is free from the company's home page (www.homegate.med) where information on their service and facility of charges.

Comments, suggestions welcome

The next issue of The Business of Travel is scheduled to appear on September 4 and will focus of the Middle East. If you have any comments or suggestions, please write to: The Business of Travel, FT Surveys, Number One Southwark Bridge, London SE1 9HL, Fax: +44 (9)171 873

Agency fee system has its doubters

There are mixed feelings about moves away from commission and rebate, says Amon Cohen

Travel management has as the preconceptions they proved no less immune to sought to replace. the vogue for process re-endoxies have become as fixed fee good.

Chief among these is the gineering than any other dictum concerning the remusector of corporate life. As neration of one's business part of that strategic reap- travel sgency: commission praisal, several new ortho- and rebate bad, management

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Until five years ago, a money from the commission paid by airlines and providers of other travel services. The agent passed some of this commission on to the client in a rebate as a loyalty bonus and as a reward for generating the business.

Since then, encouraged by have migrated to a management fee. Under this the agent earns. arrangement, the agent

passes all commissions on to travel agency earned its the client, who pays the agent's operating costs plus a consultation fee for managing its travel requirements. The argument is that this

ensures the agent works for the client and not the airline, and is being given an incentive to find the best savings. Under commission their agents, many clients, and rebate, the more a client spends on travel, the more

commissions - a trend which began in the US in 1995 and arrived in Europe this year with cuts by Lufthansa, SAS and KLM. With the airlines giving away less agents found their incomes diminishing, and that a restructuring of their remuneration system was fast becoming essential.

One supporter of commission is Ms Joan Scales, travel manager for the Irish Times and a board member of the Institute of Travel

Ireland. She argues that clients are receiving a good service from their agent on the commission system, which pays for extras such as out-ofhours services and management information reports. Under a fee system, these extras command additional

"Travel agents like fees because they have a guaran-teed income," says Ms Scales. "In a fee-based environment, commission may not cover expenses."

Mr David Radeliffe, manging director of Hogg Robinson BTL the UK's secondlargest agency, understands misgivings about fees but believes it is the inevitable direction for the corporate travel market. Sixty per cent of his company's income now comes from fees.

"If a client is expecting to corporate [client] if it is taksave money and is looking for consultancy, by wbom would it feel more comfortable its agent was paid - the client or the product sup-

pher?" asks Mr Radcliffe. He adds that clients do not necessarily pay a flat fee to the agent but can choose

video-conferencing packages. Also, says Mr Radcliffe, clients can make sure a fee system works to their advantage by building in incentives for the agent which are only paid if it delivers on service and savings prom-

This theme is developed by Mrs Maria Lilja, European head of business travel for American Express, which is moving all of its clients in the UK, Germany, the Benelux countries and Scandinavia off commission and rebate. Clients and agents need to start focusing on what they can save together but an agent's remuneration must be tied more specifically to what it provides, she

argues. But Mr Robert Daykin, travel manager for leisureto-home shopping company Littlewoods International, questions the assumptions on which the fee system is based. Until commissions are scrapped altogether and air fares are sold direct to the client, he believes agents will still be working for the

"Msnagemeot fees are another wsy of cutting up the same cake because the agent is still receiving commission from the product providers," says Mr Daykin.
"I cannot find any genuine. absolute advantage to the

ing a strategic purchasing Mr Daykin recently put his

company's travel agency out to tender and decided after comprehensive analysis that there was little to choose between the cost of commission and rebate on the one from a menu of services and hand and fees on the other. pay per transaction. This Add to that his belief that includes services not nor- clients on fees are more mally offered in traditional exposed financially and sad-The swing towards fees commission-based relation- dled with unnecessary extra has accelerated since air-ships, such as expense man-decided to stick with com-decided to stick with comdecided to stick with com-

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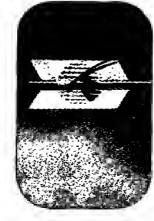
Mandarin Oriental, Kuala Lumpur (1997)













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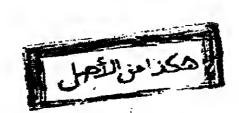




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When Mr Stelios Haji Joannou started the low-cost airline Easyjet, in 1995, he expected nearly all his passengers to be leisure travellers.

His advertising said that flights between London's Luton airport and Edinburgh or Glasgow would cost as little as a pair of jeans - starting at £29 one way. In fact, about one-third of the passengers on these routes are business travellers.

As Mr Haji-Ioannou has discovered many business travellers in Europe resent paying fares far higher than those for equivalent distances in the

A business traveller who wants to fly between Frankfurt and Berlin and who wants to buy an unrestricted economy return ticket - which allows the traveller to change flights at short notice and does not impose conditions such as a Saturday night stay-over with Lufthansa, the German carrier, can expect to pay the equivalent of

An unrestricted British Airways

Low-cost carriers test Europe's open skies

Pasengers have yet to reap the full benefits of deregulation, writes Michael Skapinker

economy return ticket between London and Brussels will cost about \$450; a United Airlines economy return ticket between Los Angeles and San

Francisco would cost \$206. Easyjat - which now flies to Amsterdam, Nice and Barcelona as well as to Scotland - is not the only airline which believes Europeans are ready for lower fares. Ryanair, of Ireland, is one of Europe's most experienced low-cost carriers, flying

from its home country to the UK. Virgin Express, owned by Mr Richard Branson's Virgin group, flies to several European destinations from its base in Brussels. Air One, an Italian carrier, is challenging Alitalia, the national airline, on the Rome-Milan

These new services have been made

possible by an aviation liberalisation programme which the European Commission has been pursuing for the past decade. The Commission took its cue from the US, which began deregulating its air market in 1978 resulting in lower fares and the establishment of innovative carriers

sucb as Southwest Airlines. The Commission began by liberalising air fares and then by allowing any airline within the European Union to fly to any airport in another EU country. On April 1 the liberalisation process was completed, allowing any EU airline to start domestic services in another

member-country. Sir Michael Bishop, chairman of British Midland, one of the Europe's most successful independent airlines has predicted that this last reform would be an anti-climax. Few airlines would rush to establish domestic

services in other countries One of the reasons for this, be says. is that they would look at the difficulty BA has had establishing domestic services with subsidiaries in France and Germany. The UK carrier set up the services several years ago in anticipation of the latest EU reform.

BA's domestic services in France are operated by two airlines it has acquired TAT and Air Liberté. In Germany, BA's domestic services are run by its Deutsche BA unit.

While BA is Europe's most profitable airline, it has yet to make money from its French and German domestic operations. It faces strong competition from the two national airlines, Air

France and Lufthansa. Sir Michael says that if BA cannot make a success of these services, other airlines are unlikely to do so.

Ryanair already operates domestic services in the UK, flying between London's Stansted airport and Prestwick in Scotland. But Mr Tim Jeans, Ryanair's commercial director. says that while the UK was a familiar environment for his company, other European domestic markets would be

more difficult to penetrate. But Mr Haji-loannou believes that, in the longer term, European domestic markets present an attractive option for low-cost carriers.

People tend to travel more readily when they are visiting family and friends, who are likely to live in their own country. Additionally, business

links between cities in the same country are strong, resulting in a high level of traffic between, for example, London and Glasgow, Madrid and Barcelona or Rome and Milan.

Mr Haji-Ioannou is considering launching domestic services in Greece. The Athens-Salonica route is one on which he thinks he might be able to challenge Olympic Airways, the national carrier. He might also consider flights from the capital to Crete, Corfu and Rhodes.

There are still obstacles to running domestic services in Greece and many other EU countries. Mr Haji-loannou says. One problem is the monopoly that national airlines often have over ground handling. The UK is one of the only EU countries with independent ground handling that smaller airlines

Mr Haji-Ioannou and other independent airline managers agree that whila Europe's skies might be formally open, it will be some time before travellers can benefit fully.

Codes can be confusing

Airline partnerships proliferate. but not all travellers are happy. Michael Skapinker reports

Mr Michael Johnson, a London-based public relations consultant, recently arrived at Brussels airport to catch his Sabena flight home. Boarding the aircraft, he was astonished to discover that it was not a Sabena flight at all. Instead, the aircraft bore the livery of Virgin Express, part of Mr Richard Branson's group.

Many travellers have had similar tales to tell in recent years. Some have booked their ticket with one airline and found themselves changing aircraft, halfway through their journey, to one operated by another carrier.

Tha passengers' experiences are the result of the proliferation of airline alliances around the world, and the "code-sharing" that goes with them.

Code-sharing is when airlines sell tickets on flights operated by another carrier. The flight carries the two letter flight codes of both carriers. This means that if you book a flight with Airline A, you could end up flying with Airline B, but your ticket will show Airline A's flight codes. Many people have con-

demned these arrangements, describing them as a fraud on the passenger, "We think code-sharing is inappropriate because it is based on misleading consumers that they are buying one thing while selling them another," said one executive. As long ago as 1984, two companies described the practice as

sumer rights advocates. The with Northwest Airlines of riers.



executive was Mr Robert the US. BA and American

Crandall, chairman of American Airlines, speaking to the American Chamber of Commerce in London in 1995. The two companies which attacked code-sharing were British Airways and KLM, the Dutch airline. KLM has since concluded

have applied to regulators in the US and Europe to start a code-sharing arrangement of their own. In fairness to Mr Crandall,

BA and American are seeking approval for a code-sharing deal that would enhance each other's operations

his airline was one of the last to attempt to enter the code-sharing business, following the setting up of alli-These critics were not con- a code-sharing agreement ances by dozens of other car-

There are several prominent alliances, apart from that between KLM and Northwest. Delta Air Line of the US has alliances with Swissair, Austrian Airlines

part of an allianca which on behalf of Sabena between includes United Airlines of the US. Scandinavian Heathrow airport - hence Airlines System, Thai Air- Mr Johnson's annovance.

and Sabena of Belgium.

lines and Air Canada. Virgin has abandoned its code-sharing agreement with Delta in favour of an alliance with Continental Airlines, also of the US. Virgin Express, Mr Branson's low-Lufthansa of Germany is cost carrier, operates flights

Brussels and London's

tion from some of the carriers, the airlines now argue that these arrangements are good for consumers. The alliances mean that airlines are able to offer their passengers flights to destinations that they did not serve previously.

In spite of earlier opposi-

Take for example, a European business traveller who wants to fly to a small town in the US. His or her national airline will almost certainly fly to a large US city, but not to the smaller centre. Now, the European carrier would be able to take the passenger to a large US city for transfer to an internal flight operated by the European airline's US alliance partner.

The alliance partners can co-ordinate their flights so that the passenger suffers less delay and inconvenience. Alliance partners also seek to share the same airport terminals so that passengers do not hava far to walk when changing

BAA, the UK airports group, has said that if it wins planning approval for a fifth terminal at Heathrow, the building will be occupied by BA and its alliance part-

BA already has an alliance with Qantas of Australia -

in which it holds a minority stake - and hopes to have its link-up with American by then. The airlines in the alliance led by Lufthansa and United will all operate from Heathrow Tarminal

Tha advantaga to tha airlines is that passengers are far more likely to transfer to flights operated by an alliance partner. But do these arrangements really benefit customers?

Some travel agents remain to be convinced that they do. Mr Tony Hughes, chairman of the UK's Guild of Business Travel Agents and managing director of P&O Travel, a business travel agency, says: "I think the jury's still out.

"It is certainly good for the airlines, but we're concerned about whether it's going to cut down on competition. Take the United-Lufthansa alliance. If you want to go from Germany to America, tha alliance has taken one of the major players out of the

Mr Hughes halieves the BA-American alliance could benefit customers, but only if more rival airlines are allowed to fly into Heathrow. At present, only four airlines BA. American, United and Virgin - are permitted to fly to the US from the airport.



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Air travel

Careful planning can bring miles smiles

Passengers - and carriers - are becoming more sophisticated about loyalty schemes, writes Amon Cohen

There is good news for Air per cent of passengers on miles and going to more dis-Miles collectors wanting to fly between the UK and Berlin or Copenhagen. For reasons no one at Air Miles quite understands, you are more likely to find a free seat to these destinations than any others in the British Airways route network.

Many mileage collectors have known the frustration of not being able to redeem their points on the route they want at the time they want. However, BA and American Airlines, which own two of the world"s largest frequent-flyer schemes, both insist that mileage can be used on every flight they

The number of seats allocated for awards collectors varies according to the route and the time of the day,

UK. 500,000 of almost 26m most popular." BA pasengers in 1996 were

using Air Miles. tions chosen by Air Miles collectors remain those which require the fewest

Micklehurgh, manager of awards Air Miles to its memhers. "When it started, people wanted to spend their mileage right away, which caused some of the problems of seats not being available.

"We have now learned how to manage the system better, and there are more opportunitiea to redeem Air Miles. People

Cautious take-off

for ticketless flying

flights in the US are paying tant destinations, although with mileage points. In the the nearer ones remain the

the destination they want, and Easter hook up very The most popular destina- mileage collectors need to think differently. "Our members tend to think of redemption seats in the same way points, but that is starting to that they hook their husiness travel," Ms Mickle-"The programme has hurgh says. "That means matured," says Ms Carol they niten want to go at the they nften want to go at the last minute with their family BA's Executive Club which in the school holidays. If they were to think of it in the same way that they book their holidays - that is, well in advance - it would make

matters easier for them." Air Miles recommends booking eight weeks in advance, while American Airlines' managing director of marketing planning and consumer research, Mr Patthumb, though, an average 8 are also saving up more rick O'Keefe, recommends 12

Not surprisingly, Air

Miles' most popular days of

Some airlines help to manage their mileage redemptions by offering passengers incentives to fly at certain times of the year. Air Miles Shrink the World that reduces the mileage to different zones during their offpeak seasons. Los Angeles, for instance, costs 10,500 miles during the peak quarter of July to September hut is cut to 3,900 in April to June and 2,900 from October to March. The best reduc-tions to the Caribbean and the Indian Ocean are April to June, while there are dis-

counts to Australasia all

Air Miles also promotes occasional tactical offers the week are Friday and From January to March this To ensure they can fly to Sunday, while Christmas year, for example, Madrid was reduced from 1,550 to 550 miles.

American offers reductions, says Mr Tony Clarke, managing director of the consultancy International Customer Loyalty Programmes, for flying from Europe to the US between October 15 and May 15 on its AAdvantage programme. For those who have no latitude over when they fly, it has a cunning scheme called Any Time: American will give members literally the last seat in the cahin if they are prepared to pay double

At the moment, BA allows up in 10 per cent of passengers on any one flight to use

Clarke thinks this figure will gradually be relaxed as it moves from heing an expensive marketing programma to a self-sustaining business.

Rather than being used to attract and retain customers, Air Miles has hecome a profit centre in its own right, deriving significant revenue streams from selling to third parties," says Mr Clarke. "It used to be that when the percentage of passengers using Air Miles exceeded 10 per cent, it began to erode their yields. Now they are relaxing the limits because the yield Air Miles passengers hring may compare favourably with those from some of their promotional

H Mr Clarke is right. Air Miles collectors may not be spending their weekends in Copenhagen and Berlin after

ners under the British Air-

ways Express hrand. Cus-

direct, paying by credit card.

they are returning within 24

hours, the mechine will

issue ontbound and home-

taneously. It also allows

BA says it may even pro-

vide machines in London

rontes to continent

It is impossible to ignore

the parallel between BA's

caution, which is typical of

the industry's current

stance, and the wary way in

approaching the Internet.

Like reservations via the

World Wide Weh, interna-

tional ticketless travel looks

set to explode. But not just

prefer is available.

NEWS IN BRIEF

Airlines get tough on cabin baggage

proper per proper prope

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up with passengers who try to get away with taking too much hand luggage on board. British the ways is cracking down on the size of bags. In this or child days, suit holders must not be more than 20 centimetres thick when folded, for example. And Dutch carrier KLM has formalised limits in husiness class, imposing a maximum of one suit holder or overnight was with a maximum. weight of 10 kilograms, a briefcase brother hag up to
eight kilos, a laptop, unibrella, camera and reading,
material. The main bag must not exceed 55cm x 35cm x
25 cm. And to ensure the rules are not abused, it is providing special moulds to measure cabin luggage at all the airports it serves.

Jo'burg connections improve

European atribes continue to develop code charing agreements with South African carriers as a means of providing convenient onward connections from Johannesburg, KLM has linked with San Afr, which will fly passengers arriving from Amsterdam on to Durban and Cape Town. Belgium's Sabena has tied up a deal with the recently-formed airline Nationwide, which is providing passengers from Brussels with connecting services to same two cities and to George, From Angust 4. destinations will also include Port Elizabeth, and next winter Natinnwide will add East London:

Montego Bay becomes hub

Air Jamaica is to use Montego Bay as the hub airport for all its routes. From June 15 all services from the US will be scheduled to arrive there by 10.30 am, allewing connecting flights to Antigua, Barbados, St. Lucia, Tarks, and Calcos, Grand Cayman and Nassau. The carrier is also discussing code-sharing deals with several other Caribbean airlines in the hope of providing connections to mother 21 islands:

No rush to eat

Coast-to-coast first and business class pas American Airlines can now eat when they like. The arrine has introduced a "dine on request" service on transcentinental flights to and from New York, Boston and Miami. It is also allowing travellers to "customise" their main courses with a range of different seasonings.

www.reservations.shortage

More than 100 airlines have sites on the worldwide web. But so far relatively few are taking reservations via the Internet. The most recent survey by the international Air Transport Association identified only 11, four of them in

Quick check-in

Norwegian carrier Braathens has introduced check in at the departure gate for international passengers with band baggage only at Oslo's Fornebu airport.

Two US carriers, Delta and Continental have shifted their Paris flights from Orly Airport to Charles de

New India routes

Fast growing Indian domestic airline Jet Airways will launch three new routes from Delhi on June 1 - fo-Madras, Luckonw and Varansi (formerly known as

Brussels link for Humberside

A new service linking Britain's Humberside International Airport with Brussels is due to start next month. Western Regional & Jet Afrlines UK will operate two flights each week day using 19 seaf Beech 1900



practical problems of electronic booking, says Roger Bray When American Airlines' pilots threatened to go on

Airlines are trying to assess the

strike recently, thousands of passengers holding ticketless reservations must have felt hook that way, hut it was an extra twinge of anxiety. Not only were their travel plans plunged into uncertainty - they had no tickets one awkward question. to wave at the ground staff Imagine turning up at a of alternative airlines. In the event they need not developing country to be have worried. Even before confronted by similar indus-

vened at the last minute to manage without documenstop the strike, American announced that it was premade it to their destinations.

line executive, it had been "a either from an airport defining moment" in the machine or, if they are cardevelopment of electronic rying hold baggage, at the

It was not enough, perhaps, to undermine the confidence of the growing number of passengers who now certainly another upward turn in the industry's learning curve. It raised at least remote airport in some President Bill Clinton inter- trial action. How would you

tary proof of a reservation? Ticketless travellers book paring to inform other carri- hy credit or airline card. ers of all reservations and to either direct with the airline hook seats to ensure they or through a travel agency. They use the same card to But, to quote a rival air- pick up a hoarding pass. check-in counter.

appear to have shaken its faith in the idea. Like many other US and European carriers, it has offered electronic ticketing on its domestic network for some time. This month it was due to extend it to two North Atlantic routes from Frankfurt, to Dallas-Fort Worth

and to Chicago. Competitors will watch the experiment very carefully. Most are approaching the introduction of ticketless travel on international routes with extreme caution. In Europe, low-cost carriers such as the UK's EasyJet have led the way. Bigger airlines have begun to experiment gingerly.

Lufthansa, which had been a pace-setter on domestic services, is now testing the system on German-originating passengers travelling to Paris Charles de Gaulle and London Heathrow. The airline says It will be difficult to extend it to passengers

computer reservations sys-

Scandinavian Airlines (SAS) is offering ticketiess travel between Stockholm and Osio, and was due to extend it last month to flights between the Swedish capital and Copenhagen. But as yet it is available only to frequent customers huying the airline's SAS Travel Card.

Last summer, another leading US carrier. United Airlines, seemed confident that, by now, it would have to extend it to passengers been ready to launch inter-hooking outside Germany national trials. It appears as evidence that an arriving airline says it has yet to set

until more travel agents less bullish. If United goes to all its domestic routes have access to the Amadeus ahead at all this year, it will including some operated by the airline's franchise partnot do so until winter.

The industry's reluctance stems from practical headaches. The first hurdle was tomers may either hook the Warsaw Convention, which ohliges airlines to or through travel agents. If issue printed conditions of carriage to passengers before they board international flights. This is no longer seen as an overriding problem. "We can always fax them to view a cabin plan, them, for example," says one changing seats if one they airline spokesman.

Then there was the inconvenlent, if occasional, tendency of US immigration Underground stations and passenger intends to leave a timetable for trials on ally they should be able to Europe. tap into airline databases. In the short term, Ameri-

the US immigration and naturalisation service would agree to accept printed itineraries and receipts instead, though the need to issue them will dilute the benefit of an otherwise paperless

An alternative solution may be for carriers to set up desks airside of immigration counters, so that those few passengers who are required to produce such evidence can have a ticket issued with minimal delay. The broader issue is that

of customer acceptance. Although United, for example, says some 40 per cent of eligible customers already fly without tickets on its domestic network, the notion that this heralded the end of the conventional flight coupon has receded.

For the time being, most ticketless passengers will face added delay and frustration if they miss their flights. Instead of simply the next available flight, they will need to have a ticket issued by the carrier they booked with.

There are two reasons for this. First the airlines' computer reservations systems probably will not be able to "talk" to each other, second. no universal system has been devised yet to switch ellers from one carrier to

While none of these obstacles appears insurmountable, most airlines accept that some passengers may always feel more comfortable with documentary proof of their reservations.

British Airways claims that during trials on domes tic routes, four out of five passengers flying without tickets said they would not hesitate to do so again. Those who were less enthustastic were generally infrequent or older travellers and those unsure of new technology. Three-quarters said check-in was reduced. BA claims passengers

using machines can complete the purchase process in under one minute.

In March, the airline extended electronic ticketing



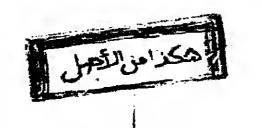
the visual magnificence of this graceful five star hotel, symbolised by the soaring eight storey high attium, that attracts them. Yet, from guest bedrooms that are amongst the most spacious in Lundon to the imaginatively prepared cuisine served in each of its three restaurants. The Landmark displays a style that strikes a chord with people who, in matters of taste, do not believe in compromise.

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- AS INDIVIDUAL AS YOU ARE -





Europeans keep big ambitions

Michael Skapinker looks at the arguments for and against double-deckers in the sky

the aisle of a cavernous Boeing 747, look around at your 400 fellow passengers - and imagine flying on an aircraft

Transport Way life

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The Real

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Section 1

with 200 more people. The world's aircraft makers and some airlines have been imagining such aircraft for years. Instead of having a small upstairs section, as the Boeing 747 does, they would be fully-fledged double-deck-

The original double-deckers - London's red buses would look like children's toys beside them.

The world's two biggest aircraft makers, Boeing, of the US, and Airbus Industris, the European consortium, say there is no technical obstacle to building such aircraft. There is also no reason, the two manufacturers say, why the aircraft could not operate economically and successfully.

So can business travellers expect to fly on these "super jumbos" in the next decade? There are certainly crowded routes on which they could he used - Los Angeles to Tokyo, or London to Johannesburg. A year ago, both manufac-

turers were insisting that the aircraft would be built. Now, however, the "super jumbos" are the cause of angry arguments between Boeing and Airbus.

Boeing said earlier this year that it had shelved "super jumbos" in the next cific and China.

When next you walk down The problem, it said, was that while the aircraft could be built, too few airlines were interested in buying them. The US company said it could not see how it could make s return on the money it planned to spend on the

> aircraft. Boeing originally thought it could develop a large jet for \$5bn. The cost could be kept relatively low because the new aircraft would be based on the 747, which was

first developed 30 years ago. During its discussions with airlines, however. Boeing discovered that this would not be enough.

new aircraft to be substantially better than the 747. They wanted the large jet to have the latest fly-by-wire systems, which allow wing and tail surfaces to be controlled electronically rather than mechanically. This would have pushed

aircraft to \$7bn. Even then, airlines which had expressed Airways and Singapore Air- way in which all this new lines, failed to place orders. announce launch customers for its "stretched" 747 at last craft. year's Farnborough air show. It failed to do so. In January, it said it was calling off the project.

Boeing says there is a demand for no more than 480 plans to build large aircraft. 20 years. Airbus disagrees. It



It is likely to be more com-

fortable than earlier genera-

tions of aircraft - most new

models are. The most recent

aircraft development, the

Boeing 777, has a more spa-

cious feel than earlier air-

craft. A new large aircraft

will almost certainly boast

advances in interior air qual-

ity, passenger entertainment

A greater problem for pas-

sengers might be what hap-

pens on the ground and

while getting on and off a

largs aircraft. Check-in

queues for a crowded Boeing

747 flight are trying enough.

So are boarding and waiting

for luggage to emerge after

disembarking. How much for its planned aircraft.

systems and seat comfort.

is pressing ahead with plans will travellers enjoy flying to build its own large air- on it? craft, which it has provisionally called the A3XX.

The consortium - which is owned by Aerospatiale of France, Daimler-Benz Aerospace (Dasa) of Germany, British Aerospace and Casa of Spain - is considering building a family of large The airlines wanted the aircraft, the smallest of which would carry just under 500 passengers and the biggest more than 600.

Airbus says that Boeing vastly underestimates the potential demand for large aircraft. The European consortium says air traffic will triple in the next 20 years the cost of developing the and that environmental constraints mean that there will not be enough new airports an interest, such as British or runways to cope. The only traffic can be accommo-Boeing had been expected to dated, Airhus says, is if people travel on larger air-

In the next 20 years, Airbus says, airlines will need 1.440 aircraft with more than 400 seats. More than half of those aircraft, Boeing says, will go to airlines in Asia-Pa-

If this new aircraft is built,

Corporate charters prove their worth in many ways From there, the group being overheard, and can fly

Companies are discovering the benefits of hinna aircraft, writes **Amon Cohen**

Market-makers are not the only British brokers prospering from the recent rash of privatisations and flotations around Europe. The continent's two largest corporate aircraft charter brokers are both based in the UK.

They and their rivals have created a £100m industry out of finding aircraft for corporate clients, often to jet lawvers and accountants around Europe on what are inappropriately termed "financial roadsbows". Lasting no more than five days and taking in as many as 20 destinations, private air travel is the only way to conduct these lightning tours of Europe's financial capitals.

worse will these problems be

with 200 more passengers?

New developments in the

airline industry, such as

ticketless travel, should help

to ease congestion. Plans by

some airports and airlines to

increase the number of pas-

sengers checking in at their

hotels, at connecting railway

stations or at car parks

could also reduce crowding.

of failing. How will airlines

and airports cope with 600

task is to find some huyers

But technology has a way

Hunt & Palmer, the second-largest broker, says it handled one or two such "roadshows" per year in the mid-1980s: in 1996, it organised more than 50.

One example earlier this year was the flotation of a Spanish telecommunications company. After using a passengers when the scheduled carrier to travel check-in computers crash or from Madrid to London on a a luggage conveyor belt Sundsy, the company's executives were joined by a team These problems belong to of British financial and legal the future. Airbus's first professionals on Monday morning for a charter flight

to Geneva.

lin before returning to London on Wednesday evening.

The client did not charter the private jet because it was cheap - Hunt & Palmer says the bill was around £50,000. But for clients of this nature, saving on travel hills is not the priority. "Time is the most precious

commodity that the top-level executive has," says Mr Alan Marler, director of Air London, Europe's largest char-ter broker. "A company cannot buy any more hours in an individual's day, so it has to be more efficient and resource accordingly. Prlvate air travel, in a strategic situation, gets the right people where they need to be, when they need to be."

There are several reasons why corporate charters are faster than scheduled traffic. Most obviously, the client can construct its own timetable. Furthermore, if a

until the client is ready. There is also the added convenience of using airports that do not operate scheduled services. Not only one - possibly apocryphal can smaller airports be nearer the site the client is visiting, but there are likely to be fewer air traffic control delays. Clearing immigration Atlantic to bospital in Lonis also much faster.

Security is another advanin-flight meetings without £250,000.

called at Zurich, Amsterdam, to obscure destinations with Milan, Stockholm and Dubno fear of rivals discovering where they are visiting. There are also public rela-

tions benefits, according to Nissan's product affairs manager, Mr Graham Biggs, who recently flew a group of journalists to Lisbon. "It makes people feel

warm and friendly and it also makes it a Nissan flight," says Mr Biggs.
"There were specially printed headrest covers, and the captain even gave a welcome on behalf of Nissan." Hunt & Palmer says that

choosing between a jet and a turboprop is a questioo of balancing time against price. Turboprop can be 20 to 25 per cent cheaper on short runs and 15 per cent cheaper on long runs, but is 10 to 15 minutes slower per hour.

As an example of prics differences, Hunt & Palmer charges £3,750 for a routing of London City-Rotterdam-Luxembourg-London City in meeting overruns, the air-craft will wait on the tarmac boprop), or £4,900 in a 5-8 seat Cessna Citation (iet).

If, however, money is no object, there are pricier alternatives. According to story circulating the charter industry, an Arab potentate recently hired Concorde to take his wife across the don, while a Boeing 747 followed behind with ber lugtage. Colleagues can hold gage. The cost? A mere

Safety focuses on raising standards

Roger Bray looks at some grim which had set itself the goal of halving the number of accident statistics, and sees what progress is being made

employer, you might be forgiven for thinking, merits danger money. Take out disasters caused by terrorism, and last year saw the highest annual aviation

death toll on record. Even with bombings and hijackings included, it was the second worst. The list was, made even more depressing by the failures it highlighted and the controversies it raised. The sole, if slight, comfort was the absence of any common

The crash of a Valujet DC-9-30 in the Florida Everglades a year ago called into question the effectiveness of safety monitoring by the US Federal Aviation Adminis-

The pilots of a Peruvian airliner which went down In ths sea off Lima were deprived of information about height and airspeed because nobody spotted that adhesive tape, which had been stuck over a crucial vent during maintenance, had not been removed before

The mid-air collision between a Saudi Arabian airliner and an Air Khazakhstan Ilyushin IL-76 near New Delhi focused attention on an absurdity which surprised many lay observers that the former's altimeter provided information in feet, the latter's in metres.

The TWA Boeing 747 disaster off Long Island in July was thought, initially, to have been the work of bombers. But as evidence of sabotage proved elusive, the US National Transportation Safety Board has recommended measures to reduce the risk of ignition in fuel tanks which are empty of all

hut vapour. Western experts appear to have shed none of their concern at the rash of new airlines which has sprung up in the former Soviet Union. Once there was only one -Aeroflot. A recent survey showed there are now more than 80 operating scheduled services alone. This has

Flying on husiness for your the relevant regulatory authorities have sufficient resources to subject the safety procedures of so many fledgling carriers to thorough checks.

Travellers to Africa may also be feeling fresh apprehension. Such is the lamentable lack of radar cover over much of the continent that one senior pilot recently likened flying across it to crossing a busy highway "tapping a white stick".

Some airliners have TCAS (traffic conflict avoidance systems) which are designed to alert pilots if another aircraft is too close. But while they are mandatory in US airspace, airlines flying over Europe will not be compelled to use them until the turn of the century at the earliest, never mind those operating in developing countries.

On top of all this, a bronhaha has blown up over Brussels' insistence that common operational rules for European airlines must become EU law before they are adopted legally by member-states. But they cannot become EU law until they are available in all of the Community's working languages. This threatens a lengthy delay while all the hazards of translation are

de fused. At the root of this problem lies the fact that Europe's Joint Airworthiness Authorities, whose 27 members are in any case not confined to the EU, has no legal status. Many observers feel it is

high time they did. Yet through this pall of gloom there are glints of

Before last year, which saw 1.840 deaths, the heaviest toll was in 1985 (1,801). However, 1985 was the worst ever if you incude terrorism. But as the magazine Flight International noted in its latest annual survey of safety, passenger traffic has increased by around 50 per cent in the intervening decade, so the statistical risk of dying in an air crash has diminished significantly.

crashes suffered by its members by 1995, as a milestone on the way to "zero accidents", says those involving turbo-prop aircraft has fallen

The International Civil Aviation Organisation - a forum for governments has been despatching teams of experts to emerging and third world countries in a recently-launched drivs to tsckle poor standards.

Following criticism in the US thet information on carriers subsequently involved in crashes had not been readily available to the public, passengers flying to and within the country can now check the safety records of US airlines on the Internet Lapses of procedure or maintenance meriting fines of \$50,000 or more are listed on a Federal Aviation Administration web site (www.FAA.gov).

The UK Civil Aviation Authority is reporting a real breakthrough in reducing the vulnerability of airliner fuselages to firs. Its research, conducted jointly with the FAA, was spurred by the 1985 blaze at Manchester airport, which killed 55 people on a British Airtours Boeing 737.

Fire is estimated to have penetrated the charter jet's hull in about 60 seconds. As a result of recent advances. experts believe, s fuselage could be mads to hold out much longer.

The first step forward was the development by a British company of a cube-shaped furnace in which intense heat could be generated, avoiding the costly alternative of testing theories by burning old aircraft.

The second step was the discovery that a material called oxidised polyacrylonitrile fibre could offered significant benefits. Mr Nick Povey, who worked on the CAA's research programme, says: "This is very exciting. We have found this offers a tenfold improvement over typical insulation materials. They were giving in the region of 60 seconds protection; this will stay in place for about 10 minutes - and we are told it will cost only about 10 to 15 per cent more The International Air than exiting materials." Transport Association.



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THE BUSINESS OF TRAVEL

Diary

The environment

CONFERENCES AND EXHIBITIONS

S JUNE	in and the second
Date	Event
Jun 1-2	Franchising exhibition
Jun 1-4	Pacific Telecoms Council seminar
Jun 1-6	IUPT public transport conference
Jun 2	Latin America markets and settlements conf
Jun 2-3	Russian financial markets conference
Jun 2-3	Your business and the internet
Jun 2-4	International pulp paper exhibition
Jun 2-6	Foed-World Agro
Jun 3-4	Global business issue of technology conferen
Jon 3-5	international events trade show
Jun 3-5	Terminal operations conference & exhibition
Jun 3-6	Caspian oil and gas conference
∵ Jun 3 -6	Inti building control conference & exhibition

Recruiement conference & exhibition Jun 4-6 Chlorine '97 Jun 4-7 Materials handling exhibition Jun 5-8 Juo 7-8 Self-build homes show Jun 9-12 Manufactoring exhibition City architecture & building exhibition Jun 9-13 Municipal development trade Jun 10-13 Jun 10-13 World gas conference Jun 10-13 Nor-Shipping '97 Prestige hotel & restaurant trade fair Jun 10-14 Jun 11-12 prement technology exhibition Jun 11-13

Business event for senior secretaries and PAs Jun 11-16 international art fair : Jun 12-13 FT aerospace & commercial aviation conference Jun 12-14 Sales promotion & direct marketing exhibition Jun 15-20 Jun 16-17 FT world gold conterence Jun 16-19 Transportation technology exhibition Jun 16-20 Security expo Aeronautical fatigue conference Jun 16-20 Jun 17-19 Business Solutions '97 Museums & collections trade fair Jun 17-20

European construction conference Jun 20-22 Integrational wine fastival FT world sturnintum conference Pan-European transportation conference Jun 23-25 International cartegraphic conference Jun 23-28 Advertising and media trade fair Exporting forum Jun 24-26 Jun 24-27 Undersea defence technology conference Jun 24-27. Company car in action ... Base metals concentrates conference

Food processing exhibition

Meetings & incentive travel show Jun 25-26 Textile machinery trade fair Jun 29-2

July 7-10 Micro process conference Jul 14-18 Music Asia Jul 16-17 Offshore funds conference Jul 21-25 · Materials chemistry conference Jul 22-25 - Sanitation Asia

Jul 7-8

Jun 18-21

Klagenfurt
Moscow
Hong Kong
Moscow
Nuremberg
Moscow
Stockholm
London

FT European telecommunications conference

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E SEP	rember -	
Sep 1	Personal & mobile communications conference	Bonn
sep 1-5	Royal Navy and British Army exhibition	Famborough
Sep 2-5	Information superhighway conference	Singapore
Sep 4-7	Civil and military aerospace fair	Prague .
Sep 7-12	Aluminium conference	Rio de Janeiro
Sep 8-9	Roundtable with South Africa government	S Africa
sep 8-12	international chemistry exhibition	Moscow
Sep 8-12	World tribology congress	London
Sep 9-11	Industrial management conference & exhibition	Wiesbaden
Sep 9-12	- Offshore oil & gas conference & exhibition	Aberdeen
Sep 10-11	FT world motor conference	Frankfurt
Sep 10-13	Building sectors trade fair	Copenhagen
Sep 11-21	International automobile show	Frankturt
Sep 13-16	Health, health food & environment fair	Bologna
Sep 13-21	International boat show	Southampton
Sep 14-16	Restaurant show	London
Sep 15-16	FT world stainless steel conference	Düsseldorf
Sen 15-19	Bridge & structural engineering conference	irmsbruck
Sep 16-20	Industrial trade fair	Herning
Sep 17-18	Electronic components industry fair	London
Sep 17-20	Oil and gas exhibition	Bucharest
Sep 17-20	Computers and telecommunications fair	Leipsio
Sep 18-23	Hotel, restaurant and catering trade fair	Paris
Sep 19-26	World beverage technology fair	Memich
Sep 22-25	European optical communications conference	Edinburgh
880 22-25	International meeting on organic geochemistry	Maastricht
Sep 22-26	Consumer electronics exhibition	Moscow
seto 22-27	Medical plastics exhibition	Gentofte
Sep 22-27.	international Eghting exhibition	Valencia
sen 23-25	internet show	Birmingham
Sep 23-25	Networks Telecom	Stockholm
Sep 23-25	Automation and robotics fair	Helsinki
Sep 23-26	Airports exhibition	Frankfurt
Sep 23-26	Moretic building conference & exhibition	Oslo
Sep 24-26	Akuminium '97	Essen
Sep 24-27	International steel and iron exhibition	Bilbao
Sep 24-28	Electrical engineering and electronics fair	Stuttoert
Sep 25-27	Physiotherapy conference	. Stockholm .
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International hotel and catering exhibition Polyurethanes world congress M&R control and instrumentation exhibition FT world mobile telecommunications conference Retail banking & financial technology conf The above data has been supplied by:

2 Prebendel Court, Oxford Road, Aylesbury HP19 3EY, UK (Tel: +44 (0)1296 28585);

149 Tottenham Court Road, London W1P 9LL Tel: +44 (0)171 896 2625); and individual organisers

Event organisers submitting information for consideration in forthcoming editions should write to:

123 Adams Gardens, Brunel Road, London SE16 4JH (Tek +44 (0)237 9777);

Financial Times, Number One Southwark Bridge, London SE1 9HL, UK

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Conferences and Exhibitions Diary

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The 63-room Lake Manyara Serana Lodge, set on an escarpment overlooking the Rift Valley in Northern Tanzania: the design of the lodge ensures that it blends in with the natural enviro incorporates local artistic traditions while a strict policy on environmental conservation

You can nod off with a clear conscience

Marian Edmunds reports on steps being taken by hotels to conserve natural resources

Slipping between crisp, countries, the group recog-white, freshly-laundered mised it could not adhere to sheets must surely be one of a global standard because of the greatest pleasures of a the variations in local ecosojourn in a five-star hotel suite. But as many as 30 guests a day at the Hong Kong Hotel in Tsim Sha Tsui are choosing to retain their bed linen and towels for an extra day and sleep easier in the knowledge that, in a email way, they have reduced their impact on the

Inter-Continental Hotels and Resorts, by contrast, is. not asking guests to conserve their towels or linen. "We think that a lot can be achieved at the back of house," says Mr Dagmar Woodward, general manager of Inter-Continental in London and chairman of the group's worldwide environmental committée. ·

The group has impleenvironmental programme which has achieved cuts in energy consumption of 27 per cent over the past seven consumption by 6.6 per cent between 1995 and 1996. Tight controls are in place on chemicals used, and environmental training has been given to staff.

fund-raising, giving advice on environmentally-efficient management, and making donations of furniture, fittings and soaps, says Ms Woodward.

"Green teams" with rotating leadership have been created and individual targets have been set for auditing anvironmental performance. With 190 hotels in 70 nomic and infrastructural conditions.

The group published an environmental review late last year and achievements and initiatives are posted in an in-house newspaper. Perhaps most striking is that from the outset, competitors were given access to the group's environmental reference manual.

Seeking a consolidated industry response. Inter-Continental approached the Prince of Wales Business Leaders' Forum, a charity based in London which instigated the International Hotels Environment Initiative (IHEI) in 1993. Funded and steered by an

international council of 12 multinational hotel compamentad a comprehensive nies with a separate 19strong council in the Asia-Pacific region, IHEI members seek to improve environmental performance in years and reduced water their own hotels and to lend their authority and experience to help the rest of the Through partnerships with

hotel associations and indus- in small packets in the dintry suppliers, governments ing rooms and made provi-Employees have become and non-government organi- sion for waste sorting within involved in community initiatives - in London support-includes 7.000 hotels. They "Thos ing a homeless shelter with are as diverse as the Serena safari lodges in Tanzania which offer a training pro-gramme for unskilled staff drawn from the local area. They also make use of indigenous plants for landscaping and employ energy-efficient rubbish incinerators to heat water. At the Marco Polo Hotel in Kowloon staff have adopted 200 plants which are placed throughout the hotel.

Meanwhile, the Canadian government department Environment Canada has roots campaign to introduce combine with current hotel grading systems. Travelling employees have been asked to choose hotels with progressive environmental polihink

customers, particularly Germans and Austrians, are starting to focus on environmental matters," says Mr Ola Ivarsson, director of purchasing and environmental affairs at Scandic Hotel, the Nordic region's largest hotel group with 82 hotels in the. region and 16 outside and a . turnover of \$500m.

"Nature will set the limits moral obligation to improve our practices," says Mr. environmental improvemants driven from short . term profits are simply. 'greenwash' or cosmetic," he

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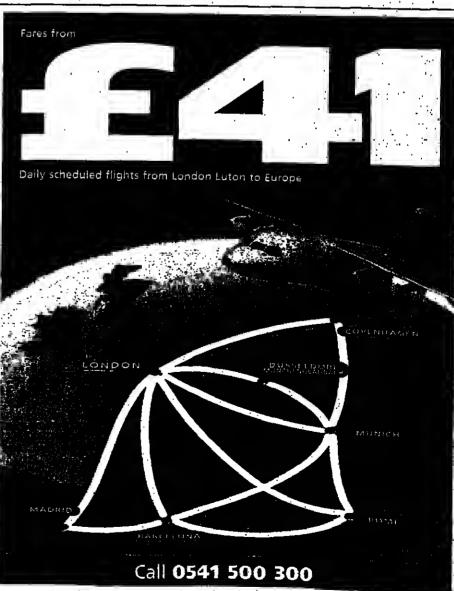
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says.

Measures adopted by the group include a recyclabla end environmentallyfriendly soap and shampoo system which has reduced its annual chemical discharge by more than 25 tons and cut down on the use of plastics. The group has also eliminated the use of foods

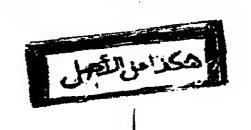
tomers to change their behaviour" says Mr Ivarsson but the key is to retain the high level of comfort. It is up to us to reduce our use of energy and water resources. even when the guests are absent."

In August, Scandic will open what it describes as the world's first eco-hotel, in Sjolyst - an inner city area of



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THE BUSINESS OF TRAVEL

Traveller's tales

Running repairs

'Think about our safety'

Hotels and airlines have much to learn about women, especially those travelling alone. That is the view of one busy executive who talks to Catherine Chetwynd

Much has been written over the years about how women travellers want to be treated. So, you might reasonably think, hotels and airlines should be getting their act together these days. Wrong, says Mrs Lee Sigler, European marketing manager for computer manufacturer Sun Microsystems.

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The state of the s

Mrs Sigler is someona the travel industry ought to be listening to. She's the veteran of hundreds of thousands of miles of international business travel, especially around Europe, over the past 10 years.

"I have been lucky," she says during a brief visit to London from her Munich base. "Nothing awful has happened to me, but I just wish hotels were more aware of the way they treat women; I wish they were just a little more conscious of safety issues. Receptionists still announce in resonant tones: Here, Mrs Sigler. you're in room 423'. This happens particularly in Europe, though less so in the US.

Recently, flying from Munich to southern Spain with an airline that handles a lot of holiday travel, Mrs Sigler was asked: "Are you alone?" She says: "I am sure they would not

Dining in restaurants presents a perennial problem, says Mrs Sigler, as waiters often ignore women sitting alona. And, often as not, "the woman dining alone is likely to end up with the restaurant's worst

But sometimes the traveller just has to grin and bear it when there'a no reasonable alternative. "I just hate hotels that have no room servica," says Mrs Sigler, who was born in Detroit 49 years ago but now regards California as her US home. "Sometimes after a long trip I just want to get to my room, eat there and crash out watching some silly TV." Travelling alone sharpens a woman's sense of self-preservation. Mrs Sigler says she dresses presentably rather than ostentatiously, and when walking in cities she moves fast and confidently. But she has been accosted twice, both times in

"I know it sounds sexist," she says, "but it is nicer to travel with men because you don't have to



Lee Sigler: I know it sounds sexist, but you don't have to worry so much if travelling with a man

deregulation."

Mrs Sigler prefers to stay in small,

independent botels, rather than

what she describes as the "big

plastic" ones. In England, she is a

regular visitor at Frimley Hall, near

Camberley, which is convenient for

her company's offices in Bagshott,

Camberley and Farnborough. In

Paris, she favours the Queen

Mrs Sigler says the main benefit of her various frequent flyer memberships is business class lounges. "They make my life tolerable," she says.

While many regular travellers say in offended tones that anyone who thinks business travel is fun doesn't understand how stressful it is, Mrs Sigler enjoys it. "My job would be hell if I didn't," says the woman who reckons to spend as much as 80 per cent of her time away from home. "I like the exposure to different

cultures, and I love England. The

people have a sensa of humour from the corner shop onwards." Nonetheless constant travel brings its share of irritations. "Lack of information, particularly as far as airlines and airports are concerned, is the greatest," she says.

Elizabeth, a small business hotel close to the Champs Elysée. And colleagues in Dublin recently "Airport ground staff seem to be recommended The Clarence. "It is most concerned to stop passengers charming," she says. "I loved it." switching to another airline when there's a delay, says Mrs Sigler, who Unpleasant memories? There are a

has two grown-up children, "In the few, but one sticks firmly in Mrs States, airlines have a much more Sigler's memory. On a recent visit to co-operative ticket swap system. You to South Africa, Mrs Sigler and her just walk up to the desk and request colleagues were told on arrival at their hotel that their rooms were not to leave on a different fight, and they take care of it. In Europe, if I ready. They were, however, taken want to change, say, from Lufthansa along to the gymnasium and invited to British Airways, I have to get clearance from Lufthansa first. to use the showers there. "There were bugs in them." Changing easily between airlines is one of the advantages of

"After a day's work the group had a light dinner in an outdoor cafe and retired to bed. Mrs Sigler had removed her trousers and noticed something in the pocket. Looking. rather than putting her hand in, she found a giant beetle. She shook the megabug into the toilet and flushed. The big beetle calmly floated.

There was a can of insect spray in the room - "that tells you a lot" - so she sprayed that into the bowl and it did the trick. The insect died and flushed away. But the ghost of the beetle lived

on. Another look in the trouser pocket revealed that it laid eggs

Help's at hand when screens go blank

Here is a recipe for panic. Roger Bray discovers that a Take one expensive laptop, protected by a padded bag. domestic flight on a crucial foreign sales trip, bump into a tourist with a heavy trolley full of luggage. Watch your computer slip out and bounce down a flight of stairs. When you retrieve it. the screen stays stubbornly

What do you do? If you are lucky, your company will have a nearby branch with a resident IT expert or it will have organised local back-up. Or you may have been prudent enough to have taken out insurance which includes roundthe-clock assistance for stolen, lost or damaged equipment if you have time, you may be able to despatch your computer to a repair

centre under warranty. If you are isolated, imprudent and in a mad rush, bowever, you may have to expend significant time and money making a longdistance call to a technical support centre. While the big producers have branches or agents across the world, there are still remote parts they do not reach.

Panasonic, for example, is represented in 138 countries. among them El Salvador and Iran. It does not yet include the former Soviet republics, but Mr Richard Walters, notehook product manager, says that even there the company can help to head

"There are two scenarios. If you are a corporate customer who has bought a number of units from us we will know that through our dealership channels. The likelihood then is that we will have gone in alongside the dealer to talk about the support you need in the territories you are likely to be taking notebooks to.

troublesome portable computer Leave the bag carelessly unfastened. Rush to catch a may no longer be such a worry

tional machines with the Assist insurance policy customer's software. We then either hold them at our offices in the relevant country or if it's somewhere really obscure, the customer arranges to have them stored there." Quarantined, in this sense, means kept securely.

Rival manufacturer Hewlett Packard says that where it has a subsidiary or a dealership it can get the repaired machine back to you on tha next day in "99 per cent of Mr Nick Cloot, hardware

support marketing manager, says the company does not issue an "exhaustive" list showing every single repre-sentative. What if you are in the central Asian republic of Kazakhstan, say? Mr Cloot produces an impressively quick answer: "If you rang our 24-hour support line, it could tell you wa have a distributor in Almaty called Scan East and give you a telephone number and a contact name."

Toshiba offers a good example of how you can be bailed out under warranty. It On the other hand there are has a deal with tha service division of Unisys. The user takes the laptop to any hub served by courier company DHL and Unisys aims to send it back in three days if the transport system is good, or five days if the customer is somewhere really remote. Peter Bradley, technical manager for Toshiba personal computers, says; "Occasionally it has taken a little longer, where the machine bas been held up at

customs. London-based communicaoffers another alternative, particularly attractive to the "We can also offer quaran-

tined units, supplying addi- solo operator. Its Laptop thrown in free for anyone who buys a foreign connection adapter - guarantees help to get a replacement. You telephone a helpline, and insurance company Europe Assistance will

arrange to get it to you. TeleAdapt's managing director, Mr Gordon Brown, says: "If you're somewhere like Uzbekistan it might take two or three days but if you're in France they ought to get it to you overnight.

Manufacturers, of course, are quick to claim that their equipment will stand all sorts of abuse.

As with health, prevention is better than cure. Some laptops are more robust than others. It is a sensibla precaution, for exampla, to look for a screen backed by some stiff material such as magnesium alloy, which will protect it should somebody drop a heavy object on the lid. "There are some laptops", says one expert, "that would be out of commission if you dropped them from four feet. others which ara splash proof, waterproof or shock proof.

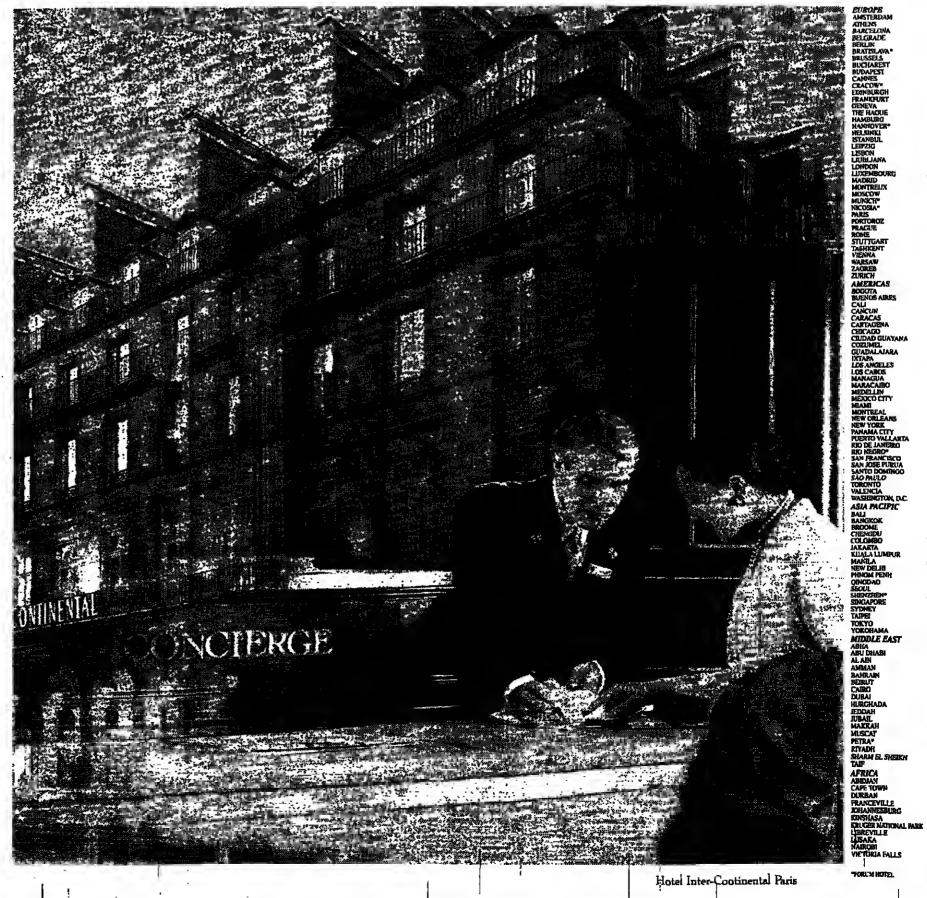
The latter would include Panasonic's "semi-ruggedised" CF25s, which have been used by United Nations forces in Bosnia. You can spill coffee over their keyboards, claims the firm, or even parachute with one in a back pack. But the best protection, says Mr McKerlie, is a sturdy carrying case. "Of course, if somebody drives a tank over it, it won't survive, but a tions specialist TeleAdapt good case will protect it against day-to-day rough and tumble".

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Getting around: Latin America

Financial Times correspondents based in the region guide the business traveller round the main business districts, offering the first-time visitor and weary globetrotter alike tips to make their journey a little smoother

ARGENTINA

Doing business in Buenos Aires can be a frustrating mixture of frenzied rusb and interminable delay. But getting around is easy – many companies and financial institutions are concentrated in the bustling "Microcentro." Even so, do not cram too many meetings into one day. Allow for late starts and overruns, and leave time for some leisurely lunches and dinners. At the weekend, mingle with the tourists in the "Tango" district of San Telmo, or take the hydrofoil across the River Plate to the sleepy Uruguayan town of Colonia.

Short-stay visitors from most western European countries. the US and Japan do not require a visa; most others do. For looger stays arranging a visa in advance is advisable, if

Airlines

Ezeiza international airport outside Buenos Aires is served by a wide range of regional, North American and European airlines. Gloomy and unwelcoming, Ezeiza is oot a place you will want to linger. Internal flights, and some flights to Uruguay and Brazil, leave from the tiny Aeroparque, a short taxi ride from the centre. The natioowide network is good but expensive by international standards. However, the business visitor has no other choice in such a vast

Local transport

Have a car waiting on arrival at Ezeiza, unless you want to run the gauntlet of taxi touts. Once in town, taxis are cheap, plentiful and easy to bail. Many taxi drivers appear to believe they are taking part in a permanent grand prix.

Hotels

Plentiful choice. Visiting dignitaries often stay at the Alvear Palace (\$256-\$320 a night), a taxi ride from the centre in smart Recoleta. The Marriott Plaza (\$225-\$340) overlooks the leafy Plaza San Martin and is within strolling distance of the financial centre. The Inter-continental (\$250-\$290) is central. Add 21 per cent sales tax. An adequate "aparthotel" will cost around \$120 a night.

Eating out

Argentina is a carnivore's paradise, but not much fun for vegetarians. Pasta and pizza are the main alternatives to beef, and good ethnic restaurants are scarce, even in the capital. For an upmarket steak dinner, try Las Lilas in the refurbished dock area of Puerto Madero. For a Brazilian-style variation on the same theme, try Rodizio, also in Puerto Madero, with good salads if you cannot face a mountain of meat. Filo, on Avenida San Martin, serves pizza and pasta to a younger crowd.

CHILE

Power breakfasts may have replaced convivial busines lunches, but a Santiago traffic jam is still comfortably provincial. For best views of the Andes, avoid the May-August winter season when the smog is worst. Or go

Most western and some Asian nationalities can enter without an advance visa; a 90-day tourist visa (renewable once, at a charge of \$100), is issued at the airport on arrival. A temporary visa for those intending to take up paid employment is available from Chilean consulates.

Airlines

Chile is the end of the line, so a mere 22 international airlines fly in and out. Lan Chile, the flag carrier, Ladeco, plus two small airlines, National and Avant, serve the balf-dozen main cities, Alta adds some smaller ones, and DAP serves Patagonia.

Local transport

From Santiago's Arturo Merino Benitez airport there are metered taxis into town (\$20-\$25), or the Shuttle service mini buses for several passengers (\$10). Hotels will charge \$25-\$30 for a pre-arranged pick-up.

Downtown Santiago is compact bome on the westside to government offices, banks and financial services; on the uptown eastside there are new glass-tower office blocks. Traffic is reasonable, metered black-and-yellow taxis cost roughly \$1 mile and are reliable. Hotel cars charge from \$9-\$20 an bour. The Santiago metro is fast, frequent, clean

Most coovenieot are the Carrera (\$240 a night) and the Kempinski (\$230), both downtown. In pleasanter settings are, midtown, the Sheraton (\$260) and, uptown. the Hyatt (\$280), both a 10 to 20-minute car trip from either centre. Prices do not include breakfast. You can avoid value added tax by paying in US dollars or by credit card.

Eating out

Chilean cuisine is hearty, not distinguished; local taste conservative, not adventurous; high-quality seafood and fresh vegetables are saving graces. Hotels like the Sheraton and the Carrera offer good international cuisine, the Baltasar restaurant in Las Condes is outstanding, and there are several good restaurants in El Bosque Norte and Isidora Goyenechea - try Le Due Torri (pasta and seafood), Madronal, Pinpilinpausha, El Otro Sitio (Peruvian). Bellavista, downtown across the river, offers slightly more



The February 6 edition of The Business of Travel featured Getting around south-east Asia, and included, Hong Kong, Indonesia, Malaysia, the Philippines, Thailand and Vietnam. The next issue, scheduled to be published on September 4, will feature the Middle East.

MEXICO

Allow time to adjust to the high altitude of Mexico City and the awful pollntion. Expect heavy traffic everywhere. Officialdom starts its day late (10am), takes a long lunch break (2.30pm to 5.30pm), and then works late into the

Visas

All visitors to Mexico should have a valid passport and carry a Mexican government tourist card - like a visa for entry and exit, available free from some travel agencies, at the airport or in-flight. The card is valid for 30 days and may be extended for up to 180 days at the National Immigration Institute. Some nationalities - not western European, US or Canadian national - require a visa.

Airlines

Mexico City's international airport is served by 36 international airlines. Mexicana de Aviacion and Aeromexico are the main local operators and cover the principal tourist and commercial destinations. They also connect with minor airlines to smaller cities.

Local transport

A taxi ride from Mexico City's airport to the main hotel district costs about \$8. There is only one taxi company operating from the airport; the fare is paid in advance.

Flagging the ubiquitous green 'Beetle' taxis in the city is not recommended doe to the rising number of reported hijackings and robberies by taxt drivers. The safest means of transport is a "taxi de sitio" - dial-a-cab services which charge about double the metered street taxi rates, but which are still cheap by international standards. Sitio taxis can be found outside every hotel.

It is essential to carry a map of the city - the best is the Guia Roji. Mexico City is huge and you cannot rely on taxi drivers to know their way around.

Mexico City is one of the biggest cities in the world, so location is very important, depending on what you plan to do. The main botels are in the business, financial and commercial area along Refoma Avenue. The Four Seasons (\$250 a night), Nikko (\$250), Camino Real (\$220), Sheratoo (\$190), Presidente Intercontinental (\$190). Add 17 per cent tax to all hotel rates.

Eating Out

Mexico City caters for all tastes. For traditional Mexican food try the Cicero Centenario (city centre) or the San Angel Inn (south), which is located in the beautiful grounds of an 18th century hacienda. La Galvia and Isadora in the Polanco district are popular with businessmen.

Lima is an odd mixture of first and third world, of formality and informality - as the bizarre collection of vehicles at the airport illustrates. Business relations are a similar mix. Old world courtesy and genuine friendliness have survived the recent advent of a more aggressive entrepreneurial culture.

Visas

Most visitors can enter Peru without a visa. Tourists are admitted with no formalities for three months: the permit can easily be extended for another 60 days. Most short-stay businessmen enter as tourists to pre-empt problems with tax documentation on exit.

Airlines

Lima's Jorge Chavez international airport is served by 21 international airlines, but there are no non-stop flights from Europe so many businessmen travel via Miami. Two Peruvian carriers, Aeroperu and Faucett, fly international and domestic routes; provincial cities are also served by AeroContinente, Americana and AeroCondor.

Local transport

Lima taxis are invariably non-metered. "Official" (undistinguishable to the untrained eye) taxis from the airport to the city centre and main business districts cost \$20, pre-paid oo leaving the terminal arrivals area. Informal taxis (identified by a removable plastic sticker in the windscreen) cost less than half, but you need to negotiate. The semi-permaneot economic squeeze means that every second car in Lima is an informal taxi. There are no fixed prices (short journeys should cost under \$1.50; into town from the business suburbs \$4) and no guarantees that the driver will know your destination - though ha will obligingly drive around in circles to find it. Leading hotels will arrange a more reliable service for around \$10 per hour, or a maximum of \$80 for a 10-hour day.

Hotels

Few businessmen stay downtown - it is best oot to stroll around the centre at night. The new Peruvian-Swiss-Ecuadorean Oro Verde (\$282 to \$2,500 a night) in San Isldro is reckoned to be Lima's finest. Also highly recommended is the peacefully located El Olivar (\$243), Las Americas (\$250), and the Miraflores Park Plaza (\$256). Corporate rates are some 30 per cent lower.

Eating out

Peru has one of the world's least known but spectacularly good cuisines: you will eat better in Lima than any other South American city. The cold, offshore Humboldt current means fish and seafood are excellent. Don't miss "ceviche", raw fish marinated in lime juice and chilli pepper.

BRAZIL

Brazil is a beautiful country, but Sao Paulo, the main business centre, is plain ugly. What it lacks in looks it makes up for in efficiency, although heavy traffic and a national aversion to punctuality can slow things down. Rio de Janeiro is visually stunning and trying hard to rival Sao Paulo as a business city. One big surprise for most visitors: Brazil is an expensiva place.

Requirements vary, but are required in advance by visitors whose home country demands visas for Brazilian travellers.

Airlines

Sao Paulo is served by 26 international airlines. Domestic flights are notoriously expensive, though safety and quality of service are good. If travelling from Sao Paulo to Rio, fly between the smaller city centre airports for one of the world's most spectacular aerial arrivals.

Local transport

An "ordinary" taxi (taxi comum) from Sao Paulo international airport to the city centre costs about R\$43; "special" taxis (taxi especial) cost R\$10 more – worth it for the comfort and air conditioning. An excellent coach service leaves the airport every half hour to the main hotels for just R\$8. Rio's ordinary taxi drivers are justly famous for their recklessness, so those who value comfort over excitement should take a special taxi for R\$40 from the international airport to Copacabana, where most hotels are situated. Taxis elsewhere are generally safe and reliable, though often pricey. Car hire can be expensive and involve a frustratingly bureaucratic process.

Most of Sao Paulo's business hotels - such as the Maksoud Plaza and the Sheraton Mofarrej (both about R\$350 a night) - are between the city centre and the newer business district, "Aparthotels", such as the Metropolitan Plaza (R\$150 a night), offer a cheaper alternative. Rlo hotels are slightly cheaper, and the sumptuous Copacabana Palace is a snip at R\$280 a night. The Hotel Gloria (R\$112) is more modest and closer to the centre.

Eating out

Meat-eating visitors shouldn't miss the grills (cburrascarias) such as Rodelo on Rua Haddock Lobo in Sao Paulo, or Marius on Avenida Atlantica in Rio. Sao Paulo's big Japanese community offers many excellent and relatively cheap restaurants.

Most international hotels do a good feijoada, the traditional Brazilian Saturday lunch – a stew of black beans and meats served with rice, kale and mandioc flour.

VENEZUELA

Caracas has a mild, near-perfect, semi-tropical climate all year round. Many businesses, and especially public offices, still close for a long lunch break from noon to 2:30pm. Public services are very inefficient and it is advisable to ional help to carry out officis Beware of pickpockets everywhere.

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Most business travellers are automatically granted a 45-day tourist visa on arrival. Six-month business visas can be obtained from Venezuelan consulates around the world and require some time to process. Both can be extended through a time-consuming application process.

Airlines

Maiquetia International airport lies some 45 minutes outside of Caracas and is served by 26 international airlines. Caracas is often used as a gateway to South America. The largest domestic carrier is Avensa, followed by Aserca, Laser and AeroTuy, the latter specialising in tourist destinations. International departure tax is US\$15 (in dollars or bolivars), plus a \$4 airport tax (in bolivars).

Local transport

Official taxis from the airport charge about \$20 to Caracas. though city cabs passing by charge much less. Within the capital, taxis do not have meters so negotiate before travelling. They are reasonable, generally under \$5 per ride. The metro is cheap, clean and safe, though pickpockets abound. Hiring a car is useful if you want to escape to beautiful Caribbean beaches over the weekend. Most international rental car companies are available (\$60 to \$60

Hotels

The selection of first rate hotels is rather limited. The Caracas Hilton (\$245 plus tax a night) is central and has apecial business reception, suites, lounge and office. The Tamanaco Intercontinental (\$225 plus tax) is a 15 to 25 minute drive from the business/government centra but is more spacious with larger outdoor recreational facilities. Nearby is the Eurobuilding (\$220 plus tax).

Eating out:

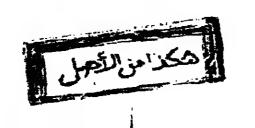
There is a large and very good selection of Spanish and Italian restaurants, representing the two principal groups of immigrants in Venezuela. Try the Tasca Segoviana in La Candelaria or IL Cielo in Las Mercedes, where you'll find many restaurants grouped and where you can stroll safely at night. Local cuisine is strong on meat. For a good steak try La Estancia (\$10 per person) in Altamira. A popular place for business dinners is El Tambo Real (\$10-\$15) in Chacaito with its Peruvian/Japanese cuisine.



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When in-house was 'in' Booking budget

Hoteliers have decided to turn the tide and try to bring some flair, spice and status back into their dining rooms, says Scheherazade Daneshkhu

Ask a well-heeled local in New York, London or Paris where to dine, and the reply is unlikely to include the word "hotel".

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It can take weeks to get into one of the fashionable restaurants in these cities. Plenty of mid-market and branded chains are packed too, but walk into a plush hotel and you are likely to see a half-empty room more populated hy waiters than

All too often, the hotel dining room can seem hland and uninviting compared to more exciting alternatives.

In some countries, the hotel restaurant still enjoys the status it once had in the metropolitan centres of the US and Europe. When I visited New Delhi a few years ago, the House of Ming at the Taj Mahal hotel was the best place to eat in town. and its coffee shop was a popular meeting place.
"Many luxury hotel res-

taurants are practically empty because they don't offer the ambience that most including government people want," says Mr Ramon Pajares, managing director of the Savoy Hotel group and former regional vice-president of Canadianowned Four Seasons hotels. "But this means that the few who do go in tend to get good value for money since hotels also rely on their rooms for income."

Pannell Kerr Forster, the hotel management consultants, believes that the days of the traditional hotel restaurant are numbered.* "The restaurant is often the least profitable department, and is run purely to create or support a hotel's image and underpin room occupancy and average rate," says Mr Stan Dixon, director.

PKF's survey of 300 hotels in the US and Europe shows that return on investment in the food and beverage



At your service: Staff are often left kicking their heels in deserted hotel restaurants...but things are set to change

the rooms division. The restaurant. return is lower than many alternative investments. bonds.

"For many hotels, in-house restaurants remain essential for penetrating the conference and banqueting and other group markets," said Mr Dixon "but few hoteliers have shown the flair or vision required to turn around their restaurant operations."

The poor profitability of hotel restaurants is one reason hehind the growth of townhouse hotels, particularly in London, New York and Paris. These, usually small, hotels aim to create the atmosphere of a private residence.

Many have limited dining have a kitchen but have an arrangement with a restaurant to provide room service. They can afford to offer com-

compared to 13.1 per cent in cial hurden of a full-service,

But many hotels believe a restaurant is an essential service for guests. The dilemma is how to do that without draining profits.

One alternative is to turn to an outside operator to run the food service.

Holiday Inn last year allowed franchisees of its core full-service hotels to do away with the restsurant altogether and franchise the food operations instead to branded outlets, such as Little Caesars Pizza Express, Blimpia quick-service sandwich bars and Taco John's Mexpress. Holiday inn says that this is attractive to customers who tend to place a higher value on brands than on unbranded outlets.

The principle of getting an facilities and soma do not outsider to operate the restaurant can apply even to the luxury end of the market Forte, the UK's largest hotel group which was taken petitive room rates since over by Granada last year, department is 7.1 per cent they do not have the finan-rented out two of its London the restaurants that brought

five-star hotel restaurants to people into the hotel and put celebrity chefs. Mr Marco it on the map. It was impos-Pierre White cooks at the sible to get a table - they Hyde Park Hotel, now owned just took off." by the Mandarin Oriental An existing restaurant can

hotel group, while Mr Nico also be given a new lease of Ladenis is at the Grosvenor life. Two years ago, the Berkeley Hotel in Loodon, But Hyati International, part of the Savoy group, which manages hotels on added a touch of south-east behalf of their owners does Asian spice to Le Perroquet, not embrace the contractingtransforming it into Vong. out trend. "We have a The entrance was moved responsibility to our owners

from the side street onto Knightsbridge, and customers now enjoying the French-Thai food in the busy, modern interior would have no reason to think that they were in a hotel restaurant.

Covers rose fourfold in the first year - a clear demonstration that it is possible to operate a successful hotel restaurant - particularly if the name does not give the game away. * Hotel Food and Beverage .

mouth, "If we have to resort For Prestige or For Profit?: to advertising we feel we have failed," says Mr Ansel. Parmell Kerr Forster Associ-"When the Grand Hyatt ates, New Garden House, 78 Hong Kong opened, it was Hatton Garden, London

need not be bad

as a swimming pool.

ited service hotels.

based group.

The demand for hudget

hotels has spawned a growth

industry. Most of the recent

expansion in the US hotel

industry, the home of the

hudget hotel, has been due

to the construction of lim-

Budget hotels are the fast-

est-growing segment of the

UK hotel industry, where the

the number of rooms has

more than doubled in size

from 7,300 in 1992 to 17,000 at

the end of last year, accord-

ing to Deloitte & Touche

Consulting, the London-

The sector poses a chal-

lenge to existing operators.

Deloitte believes. "Some of

those botels that have lost

market share to the budget

sector can he expected to

respond by attempting to

provide a better valoe-for-

money offer. Others will

cease to compete and con-

There is is still consider-

able room for growth in the

UK, where only 2 per cent of

get sector compared to more

established markets, such as

the US with a 12 per cent

share and France, where the

which owns the Howard

Johnson brand and bought

the US Travelodge chain in

December 1995. Some of the

budget hotel growth is, how-

ever, being driven by chains

cent of the room stock.

vert to an alternative use."

Spiralling prices elsewhere are helping to create demand, writes Scheherazade Daneshkhu

The recession in the US and some leisure facilities such much of Europe may he over, hut hudget hotels are still in demand. Companies which cut back on travel spending in the early 1990s, artly by booking executives into cheaper rooms, have now found that hudget and economy hotels can have a permanent place in their

travel plans. Mr Andrew Fletcher, company secretary of British Aerospace's military aircraft division, says: "Hotels used to be booked on the basis of someone's seniority, hnt it's an indication of a changing corporate climate that bookings today are hased as uch on needs."

While some travellers can he apprehensive at first about the budget hotel and its limited facilities, this often disappears once they have tried one out. "They are cheap and cheerful and oot nasty. For the times that the traveller is getting in late and leaving early, the budget hotel suits us down to the ground," says Mr Fletcher.

Staffing is minimal in budget chains, which usually makes automated payment a necessity, and the food service is limited to breakfast at most. The level of facilities can, however, vary considerably according to price

and the local market. For example, rooms in the Formula 1 chain owned by Accor, Europe's largest hotels group, ofteo share a hathroom. The group also owns Motel 6 in the US - the chain that took its name from the \$6-a-night it charged when launched in 1962. Unlike budget hotels in ket which found themselves losing customers to the sector during the recession.

Mr Mike Platt, director of commercial affairs at Hogg Robinson, the UK business travel agent, says that the current demand for budget hotels is partly by default hecause of rapidly-rieing room prices at full-service botels.

"We're booking more and more hudget hotels because a lot of the bigger ones are full and because there is a backlash at the increase in rates of the larger hotels, he says.

Can hotels with such basic facilities really meet the needs of today's traveller? Mr Platt says that hudget hotels tend to be used by domestic travellers on an overnight stay, "The international traveller is likely to be spending a couple of nights and therefore may need more facilities - such as a trouser press - which are not essectial for the traveller

on a quick overnight stay." Moreover, domestic travellers are less averse to staying in hudget hotels because even if they are in a differ ent part of the country, they know how to get about and where to go to eat. And since many budget hotels do the room stock is in the bud- not have a telephone in the room, using the mobile for a domestic call is practical whereas it can be prohibitively expensive for overseas

sector accounts for 15 per Mr Fletcher says the lack In the more meture US of staff can make budget market, the industry is domhotels offputting for women inated by the large franchise business travellers who may companies, such as Choice like the security of knowing that they can get belp if they Hotels, owners of the Sleep inns budget brand, and Hosoeed it by calling the front pitality Franchise Systems, desk.

He believes that compa nies can waste a lot of money on booking staff into hotels with lots of facilities when there is oo chance that they will use or need them

Hoteliers and guests have lines crossed over phones

Telecoms are often seen as a profit source rather than a service, writes Beverley Fearis

among the highest costs Houses, Hilton, Stakis and incurred by husiness travel- Jarvis. It involved talking to lers when staying in a hotel, hotel managers, marketing with charges of up to £7 per minute to Asia not uncommon in top London hotels.

A survey commissioned by the UK, found 84 per cent of business \ travellers believed the prices of hotel telecom services were unreasonable. Despite this, 82 per cent said they used a room telephone during a hotel stay.

The survey, undertaken hy IFF Research, concentrated on 42 of the top 59 hotel admitted that the industry

Telephone charges are UK, including Queens Moat and IT managers and 67 business and leisure travel-

According to Marcury's Mercury Communications, of travel and transport sector development manager. Mr Robert Simpson, the study demonstrates that the vast majority of hoteliers view telecommunications as a way of boosting profits, not as an extra service to their customers.

Half the hoteliers surveyed chains represented in the as a whole offers poor, or

money, hut only 28 per cent admitted their particular hotel was guilty. When pressed, most hote-

experiences show the true luxury hotels the worst charges and mini-bars."

have not only seen a substantial increase in the number of incoming and outgo-

Mr Andrew Solum, who phone. cited personal examples of Kong to London, said: "Cost plus a little profit everybody understande, hnt nobody understands holding their minute worldwide by 2000. guests hostage. There is no justification offered by the hotels."

introduced a policy four Rollason said the group helieved telephones should than a way of making value products. money. However, Friendly is other services.

by the second.

able to tell you. It's like to attract custom. going into a restaurant and being charged by the calorie. hotels achieve a 1 per cent Unless you are an expert in increase in occupancy, that the calorific value of food, will generate more revenue you wouldn't know how than through telecom

But Mr David Henderson, travel manager of Britain's Independent Television News (ITN), said frequent liers claimed that their travellers are well aware of charges were set at up to a the high prices. "Telephone 100 per cent mark-up, but charges are transparent husiness travellers' own charges - you know if you use a hotel telephona in a mark-np is sometimes as hotel, it's going to cost you. high as 700 per cent, with It's the sama as with laundry

to make hotel restaurants

successful and profitable. We

can achieve this by focusing

on the local market to make

sure we have the right con-

cept," says Mr Frank Ansel,

vice-president of food and

Before launching a restau-

rant, preferably with a sepa-

rate street entrance, the

group tries to drum up pub-

licity through word of

He said today'e cost-con-Many hotels are now scious companies often stipinstalling in-room faxes and ulate in their travel policies that executives must travel equipped with mobile phones or charge cards to ing faxes, both subject to reduce communication costs.

Almost half (46 per cent) of hefty charges, but also in outgoing telephone calls as the business travelers surmost senders will call to veyed hy IFF said they use a make sure a fax has arrived. mobile phone in hotele Inmarsat's travel manager instead of using the room

Use of mobile phones is set paying \$10 a minute for a to rapidly increase as compacall from Brazil to the UK nies develop phones which and £19 for a fax from Hong cost a standard amount worldwide. Immarsat, for example, aims to offer a satellite telephone costing \$1 a Hotels have reacted with

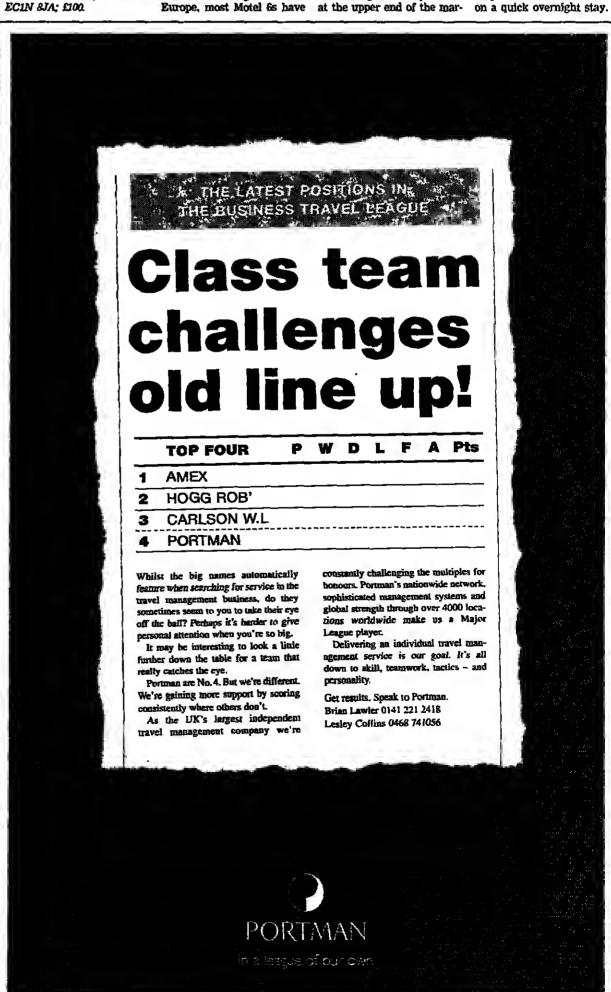
some hostility to these alter-

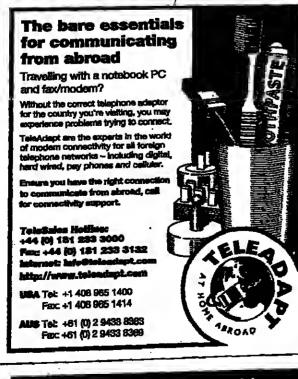
native forms of communica-A rare exception is UK- tion. Most impose a fee for based Friendly Hotels, which anyone using a charge card. But Mercury helieves a years ago of charging 100 a minority of hoteliers, mainly unit Finance director Mr Ian in Hong Kong and the US, are beginning to realise that telecom services can be marbe an extra service, rather keted as important added-

According to Mr Simpson, currently reviewing the pol- a small but rapidly-growing icy along with the pricing of number of hotels are installing more economical com-Despite being a significant munication facilities such as cost, telephone charges are the Internet and e-mail. not listed in hotel brochures Business travellers can preand even when they are dis- book an e-mail addrese played in the room they are which they can pass on to quoted in units, which mean their colleagues and clients nothing to most hotel guests. before arrival at the hotel. A unit is, in fact, an out of UK hoteliers are slowly

date measurement used by catching on to this approach British Telecom to calculate and are beginning to hills. BT now calculates bills consider installing this technology in their rooms. Mr Simpson explained: "If Mr Simpson said that you asked a hotelier how although hoteliers risk many units it would take to losing revenue from make a five-minute call to telephone charges, these the US, they would not be additional services are likely

"If these services can help much your meal had come to charges," he said.









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